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PROCEEDINGS AND DEBATES OF THE 102d CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES—*Thursday, July 2, 1992*

The House met at 10:30 a.m.

Rev. Ronald C. Willis, Southern Baptist minister, Washington, DC, offered the following prayer:

Our Father, all of us who serve and work here do so with a deep sense of our need for divine guidance and direction. And so we ask that You keep us from demanding of others that which we ourselves would be unwilling to give. Keep us from the pride that leads to self-deceit. Give us the strength to do that which transcends our own temporal concerns. Help us to understand that none of this exists without Your will as the guiding force. And most of all, O Holy Father, forgive us when we fail to recognize how much we depend on Your spirit to lead us in the direction that brings justice and righteousness to all our Nation's people. We pray these things, this day. Amen.

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.

PLEDGE OF ALLEGIANCE

The SPEAKER. The gentleman from New Jersey [Mr. ZIMMER] will please come forward and lead the House in the Pledge of Allegiance.

Mr. ZIMMER led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. McCathran, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed bills and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 1598. An act to continue the authorization of appropriations for the East Court of the National Museum of Natural History;

S. 2566. An act to establish partnerships involving Department of Energy laboratories and educational institutions, industry, and other Federal agencies, for purposes of development and application of technologies critical to national security and scientific and technological competitiveness;

S. 2733. An act to improve the regulation of Government-sponsored enterprises;

S. 2827. An act to amend the John F. Kennedy Center Act (20 U.S.C. 76h et seq.) to provide authorization of appropriations for fiscal years 1993 through 1997 for the John F. Kennedy Center for the Performing Arts, and for other purposes;

S. 2910. An act to authorize appropriations for the American Folklife Center for fiscal years 1993, 1994, 1995, 1996, and 1997;

S. 2938. An act to authorize the Architect of the Capitol to acquire certain property; and

S. Con. Res. 129. Concurrent resolution expressing continued support for the Taif Agreement, which brought a negotiated end to the civil war in Lebanon, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair announces that it will limit 1-minute requests to five on each side.

THE REVEREND RONALD C. WILLIS

(Mr. DELLUMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELLUMS. Mr. Speaker, since March 1979, Reverend Willis has served on the staff of the District of Columbia Committee and presently holds the position of senior staff associate. During his tenure on the District of Columbia Committee, he has been the principal staff person for legislation transferring St. Elizabeth's Hospital from Federal control to that of the government of the District of Columbia; the 1989 Omnibus Drug Program, which resulted in an increase of 700 additional police officers for the Metropolitan Police Department, as well as eight additional superior court judges; and most recently, legislation which amended the 1973 District of Columbia Home Rule Act to establish a fair and equitable Federal payment formula for determining the annual Federal payment to the District of Columbia.

Prior to his appointment to the District of Columbia Committee staff, Reverend Willis served as adult supervisor for the Southwest Mental Health Care in San Antonio, TX.

Reverend Willis was ordained in 1967 and served as senior pastor of Golden Gate Baptist Church in Oakland, CA; senior pastor of Immanuel Baptist Church, Bangor, ME; and associate pastor of First Baptist Church of San Antonio, TX, which had a membership of 8,900.

A native Californian, Reverend Willis is married and the father of four children.

IN TRIBUTE OF JUDY ORGANAS

(Mrs. ROUKEMA asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, the successes of our communities and our country has always relied on the voluntary contributions of individuals who, in times of need, rise above and beyond the call of duty to make a difference in the lives of others. I pause today to pay tribute to one of the true heroes in the northern New Jersey community, Judy Organas of Garfield. She is a shining example to all of us.

Judy serves as a volunteer at St. Joseph's Hospital in Paterson, NJ. Four hours a day, twice a week, Judy donates her time and energy to provide comfort to the children and infants who, for one reason or another, have found themselves in the pediatric wing of the hospital. Many of these infants have been abandoned by their mothers. Many are victims of the scourges of drugs and AIDS.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Whether it be a newborn or an ailing child, Judy is there when the family cannot be or, in some cases, when there is no family. She feeds, changes, and gives tender loving care to all. The sterile surroundings of a hospital bed can be a frightening experience for a child, and Judy's compassion eases their pain and provides healing comfort.

Perhaps the best illustration of Judy's ability to make a difference for the children is her relationship with a 3-year-old boy who lives in the hospital's O'Neill Center, a hospice for children with AIDS. Judy has become a source of constant support for the boy and, when he goes for treatments in the hospital, he has learned to depend on her words and kindness to help him through the difficult times.

To date, Judy has donated over 400 hours to the children and has proven an invaluable resource for St. Joseph's. In fact, she was recently recognized by the hospital as their Volunteer of the Year.

Mr. Speaker, it has been said that you give but little when you give of your possessions. It is when you give of yourself that you truly give. By providing an island of stability in the turbulent storm of pain and suffering, Judy Organas gives her all. I ask my colleagues to join in grateful salute for her heroic service.

UNEMPLOYMENT

(Mr. HOYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOYER. Mr. Speaker, today, the 24-month-long recession continues to take its toll on the American people.

In June, 470,000 more Americans joined the unemployment line that now stretches to nearly 10 million. The jobless rate has jumped to 7.8 percent—a full percentage point above what it was last fall when we were assured that we were in recovery—and the highest point since March 1984.

From manufacturing to services, from construction to finance, American workers are being tossed off the job, and our economy continues to suffer.

Mr. Speaker, we must reform unemployment insurance to ensure that workers thrown off the job by this recession can count on having a platform from which they may bounce back, not subject to the political winds of the moment.

More, we need the leadership only a President with an agenda that puts the American people first can provide, to get America back on track and growing again.

□ 1040

UNITED STATES FOOD EXPORTS RESTRICTED IN TAIWAN

(Mr. BEREUTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEREUTER. Mr. Speaker, for my export 1-minute today, this Member would like to discuss Taiwan's restricted markets to United States food exports.

A few weeks ago, this Member stood here and spoke of the great potential for United States food exports to Southeast Asia. Unfortunately, to the dismay of our Nation's food processors, this potential has yet to be realized.

Mr. Speaker, there can be no doubt that excessive tariffs and nontariff barriers have limited these markets to U.S. food products. A representative of a Nebraska food processing company returning from a trip to Taiwan describes a market there, where buyers and consumers wish to buy United States food products, but because of an outrageous 40-percent tariff imposed on our products, they cannot afford them. Our U.S. Trade Representatives confirm this firsthand observation in their 1992 "National Trade Estimate Report on Foreign Trade Barriers." They say, and this Member quotes:

[In Taiwan] excessively high tariffs remain on most agricultural products despite repeated U.S. requests for their removal or reduction. * * * Processed agricultural products often face import duties of up to 40 to 50 percent ad valorem.

Mr. Speaker, while numerous attempts are under way to protect U.S. industries declining in their competitiveness, there is far too little attention focused on those U.S. industries—like food processing—which remain the most competitive in the world. Therefore, this Member urges his colleagues to press the office of our United States Trade Representatives to intensify its ongoing efforts in Taiwan and elsewhere and to reduce these tariff and nontariff barriers for United States food products abroad. We should also demand that Taiwan, with its huge trade and balance of payment surpluses with this country reduce or remove those tariffs.

CALL FOR A REAL PROGRAM TO END THE RECESSION

(Mr. WISE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WISE. Mr. Speaker, they said the recession was ending, but today we see the figures that the unemployment figures have not gone down; they have gone up to 7.8 percent.

What does that mean in human beings? That means 10 million at least unemployed. It does not talk about the millions more that have given up and are not able to look anymore.

At some point, Mr. Speaker, there has to be some accountability. Where is the jobs program from the White House, a real jobs program? Where is the education program, where is the infrastructure program, where is the trade package? It is not there, Mr. Speaker. And each day, each month on this roller coaster recession where sometimes you are up and sometimes you are down we see what the facts are, that people are not first, and that the economy is just dragging along and not improving. And it is time for a change, Mr. Speaker.

It is time to put people first and to design those programs that put people first. The figures tell the story, but they do not tell it all. The people tell the story, and the people say it is time for some real policies to put real people to real work.

GREATEST ARMS REDUCTION IN HISTORY

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, last week a historic agreement was signed by President Bush and Russian President Boris Yeltsin. This agreement, eliminating intercontinental ballistic missiles and reducing by 50 percent submarine-launched missiles, represents the greatest arms reduction in the history of this great Nation and the world. This will have a far-reaching impact on all our lives, one being the half-century-old fear of nuclear war. This marks an enormous achievement for the administration and President Bush deserves credit for his strong leadership in bringing about this agreement. The geopolitical revolution that took place in the former Soviet Union presented the United States with an opportunity to set a new course for world peace for centuries to come. President Bush's leadership ensured that this opportunity would not pass us by.

The news media and others in this country appear to have lost perspective of what is really important to Americans and their families. With this agreement, the realization of world peace is finally at hand. There is nothing more important in the world than peace and George Bush should be commended for his tireless efforts and contributions toward this goal. I congratulate him and hope that other opinion-makers in this country take time to appreciate this outstanding achievement by our President.

SUPPORT MOTOR VOTER

(Mr. LEWIS of Georgia asked and was given permission to address the House

for 1 minute and to revise and extend his remarks).

Mr. LEWIS of Georgia. Mr. Speaker, it has been reported that President Bush will veto S. 250, the National Voter Registration Act, during the July 4 break. This is an important bill—a bill that would expand voter participation in the political process.

But like a thief in the night, the President wants to steal our best hope for the expansion of American democracy. Without public debate, the President intends to sneak a pocket veto past the American people.

Mr. Speaker, the President can show leadership. He can expand democracy here at home by signing the National Voter Registration Act and opening up the political process. But he does not want to do that. Instead, the President wants to stuff the bill in his pocket. Say nothing. Do nothing. Pocket-veto the bill.

We should not let this veto happen in the dark. The American people need to know.

RTC RECEIVERSHIP CERTIFICATES BILL

(Mr. WYLIE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, today the gentleman from North Carolina, Mr. ALEX MCMILLAN and I are introducing a bill that would permit the Resolution Trust Corporation to give notes to new depositors in lieu of cash in failing savings and loans. The purpose is to call attention to the fact that Congress has failed to provide additional money to the RTC to close failed thrifts. The result is that some brain-dead institutions continue to collect deposits and pay higher than market rates of interest.

We should have learned that this only serves to dig the hole deeper, a hole that taxpayers will ultimately be asked to fill.

The McMillan bill is a fascinating proposal. This bill will ensure that the hole gets no bigger. Under the gentleman's bill, failed thrifts can be closed immediately, even if the Government does not have the money available to pay off the depositors. Depositors of failed thrifts would receive notes guaranteeing payment of their insured deposits when Congress finally gets around to providing the necessary funding.

This bill is something to think about, Mr. Speaker.

U.S. TRADE POLICY

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, Hughes Aircraft laid off 9,000 workers and American steel companies were forced to go to court themselves to stop this dumping of foreign steel below market prices because our Government will do nothing about it.

But now, California, almost bankrupt, is paying out IOU's to their State workers. Mr. Speaker, what is going on?

While Congress gives 13 billion dollars' worth of foreign aid, and is lining up another $12 billion for Russia, Congress is going to give California tax breaks. Give me a break. I think it is time that Congress realizes that our cities are on fire, our country is going bankrupt, and we might pump up our economy by putting some of this cash going to foreign aid to Russia into America.

Think about it.

PRESIDENT'S MORATORIUM ON REGULATION

(Mr. DOOLITTLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOOLITTLE. Mr. Speaker, overregulation is strangling our economy. I support the President's moratorium on regulation. I think that it has highlighted many of the problems that we face.

But the fact of the matter is we have many regulations in force now that need to be repealed. It has been observed that amendments to the Clean Air and Clean Water Act of 1990 could cost this economy as much as $390 billion.

Let me give an illustration of what we are facing with our small cities and our big cities in California. Under one interpretation of the Clean Water Act amendment, these cities are going to have to build completely redundant drainage systems. Now that we have done such a good job of cleaning up pollution, and I commend that, it so happens that rainwater runoff is the most significant source of water pollution in many of our communities today, and therefore, Rocklin, the city where I reside, is going to have to float a bond issue of several million dollars to build a new drainage system to capture rainwater runoff, and contain it in holding ponds so that the water can evaporate rather than run into the creeks, as is presently the case.

□ 1050

This is a perfect example of regulation gone awry, millions of dollars spent to achieve minuscule improvement in the environment.

We need to revise our regulations and reduce them. I commend the President for instituting the moratorium and giving us a chance to focus on the problems of excessive government regulation.

THE LEGACY OF THE TAILHOOK CONVENTION

(Mr. MAZZOLI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, it was not just 26 military women who were embarrassed, demeaned, and even assaulted in the Tailhook Convention at Las Vegas last year. All military women were assaulted and demeaned and embarrassed and, Mr. Speaker, even more so by extension, all women, military and nonmilitary, were assaulted as those 26 were last year.

That event has cost Navy Secretary Garrett his job. It will cause the lack of promotion of several persons responsible for that, and it will hurt the Navy in a collective sense by reason of the bill soon to be brought up by the gentleman from Pennsylvania.

But that punishment is not enough, Mr. Speaker. In a positive sense, here should be every effort made by this Congress to be sure American women are not subject to sexual assault in the workplace or outside the workplace. That will be the best legacy of the Tailhook Convention.

APPROPRIATION INCREASES CAUSING FINANCIAL COLLAPSE

(Mr. DUNCAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNCAN. Mr. Speaker, yesterday the House passed a Treasury appropriation bill containing an almost $3 billion increase over last year. This is a 14.5-percent increase in a year that the economy has grown at a rate of between 1 and 2 percent.

We passed a mental health/drug abuse law which has a 46-percent increase over last year.

Now, I want to do everything possible to fight mental illness and drug addiction, but the truth is that if we give every department and agency a 46-percent increase, we will crash economically.

If yesterday was an exception, maybe we would not have a problem, but every week and almost every day we are passing bills authorizing or appropriating huge increases over last year just as if we had surplus cash. We are trying to be all things to all people, and it simply cannot be done.

We have a national debt of $4 trillion. It is strangling our economy. Everyone would be better off if we were not so deeply in debt.

Even worse, we are losing over $1 billion a day on top of this already staggering debt. We will continue to suffer terrible losses until we bring Federal spending under control.

We cannot continue to give every Federal program 10- and 12- and 14- and even 46-percent increases without causing this Nation to collapse financially.

At some point we have to say no. I just hope it is not too late.

FINANCIAL ACCOUNTABILITY AND IMPACT REFORM [FAIR] ACT

(Mr. MORAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MORAN. Mr. Speaker, today marks the beginning of the fiscal year for 46 State and many local governments. These governments have had a grueling year attempting to reconcile declining revenues with new demands on spending that are often imposed by the Federal Government without the corresponding Federal funding. The challenge next year will be no less daunting.

While many of these Federal mandates represent vital public policy objectives, the need for State and local governments to be able to spend local resources on local priorities, however, must also be respected. Only by fully evaluating the economic impact of Federal regulations on State and local governments are policy makers at all levels able to balance priorities for finite resources.

The same is true for the private sector, particularly small businesses. Federal regulation, especially in the areas of worker safety and the environment, is essential. But every dollar spent to comply with additional regulations is a dollar that cannot be spent to produce goods or services or invest in research and development. Clearly there is a need to identify the costs of Federal mandates before they are implemented, so the administration and Congress have the facts they need to make informed decisions.

In response to these concerns, today I am introducing the Financial Accountability and Impact Reform [FAIR] Act of 1992. Like the National Environmental Policy Act, this measure will require Federal agencies to analyze the economic costs of new regulations before they are adopted. And, like the 1974 Budget Reform Act, this measure will require that a bill cannot be considered by the full House or Senate without an analysis of the costs of compliance to State and local governments and to the private sector.

The intent of this legislation is not to impede the legislative or the regulatory process. It is simply to make sure that we as legislators—and the administrators to whom we delegate rulemaking and regulatory responsibility—fully appreciate the financial implications of our decisions before we make them.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MCNULTY). According to the Chair's prior announcement, other 1-minute statements will be taken later in the legislative day.

COMMENDING NASA LANGLEY RESEARCH CENTER ON CELEBRATION OF ITS 75TH ANNIVERSARY

Mr. BROWN. Mr. Speaker, I ask unanimous consent that the Committee on Science, Space, and Technology be discharged from further consideration of the Senate joint resolution (S.J. Res. 324) to commend the NASA Langley Research Center on the celebration of its 75th anniversary on July 17, 1992, and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. WALKER. Mr. Speaker, reserving the right to object, I shall not object, but I wanted to give the gentleman from California an opportunity to describe the content of the Senate joint resolution.

I yield to the gentleman from California [Mr. BROWN].

Mr. BROWN. Mr. Speaker, the Science Committee rarely brings commemorative resolutions to the floor, but I rise today to recognize the 75th anniversary of the NASA Langley Research Center, which will occur on July 17, 1992.

Mr. Speaker, NASA's Langley Research Center has a long and distinguished history in aeronautics and space research. Indeed, Langley is the country's first civilian aeronautical research laboratory, established in 1917. Since then, Langley has been at the cutting edge of our national aeronautical and aerospace R&D efforts.

For example, Langley was the beginning site of the first U.S. manned space program, Project Mercury. The Nation's original seven astronauts trained there. In more recent years, Langley has managed such major scientific space missions as the Viking Mission to Mars and the lunar orbiter.

I want to commend the men and women of NASA's Langley Research Center and salute them for their many accomplishments to our Nation over the last 75 years.

Mr. WALKER. Mr. Speaker, further reserving the right to object, I would like to commend our colleague, the gentleman from Virginia [Mr. BATEMAN], who was a leader in pushing this particular resolution in the Congress and brought it to the attention of our committee.

I am glad we are able to get the bill on the floor today.

Langley Research Center does celebrate its 75th anniversary on July 17. It is one of the most honored aerospace facilities in the history not only of this country but the world. It has, in fact, proven to be a major national resource which has had a profound impact on our journey into both air and space.

The people at Langley who work for NASA have invented a lot of new technologies, have provided many practical solutions to aerospace problems, and have developed leaders for the aerospace industry.

So this is an event that deserves recognition.

Mr. BATEMAN. Mr. Speaker, in 1917, the country's first civilian aeronautical research laboratory was established in Hampton, VA. Today, that lab, now called the NASA Langley Research Center, is the U.S. Government's oldest, most prolific, and most honored aerospace facility. This national resource has had a profound impact on man's journey into air and space.

NASA Langley helped establish the foundation and infrastructure for aeronautics and space technology in this country. Researchers at the center helped create the tools and train the scientists, engineers, managers, and leaders who have made aerospace history throughout this century.

NASA Langley supports the Nation by studying the basic problems of flight, selecting certain problems for investigation, and developing solutions through long-term research and test programs. As a result, NASA Langley has had a major influence on nearly every aircraft in service.

In addition, NASA Langley supports research in space technology, advanced space transportation systems, and concepts for large space structures. The first U.S. manned space program—Project Mercury—began at Langley, and Langley was the training site for the original seven astronauts. Later, Langley managed such programs as lunar orbiter, which mapped the surface of the Moon for the Apollo landings, and the Viking mission to Mars. NASA Langley is also a major contributor to national atmospheric research.

Occupying almost 800 acres of Government-owned land, the NASA Langley Research Center is comprised of many facilities unique in the world of aerospace research, five of which have been designated national historic landmarks by the Department of the Interior.

For 75 years, the people at NASA Langley have built new research tools, invented new technologies, provided practical solutions to aerospace problems, and developed leaders for the aerospace industry. The center has consistently been a source of technology that has made aerospace a major factor in commerce and national defense.

The Congress of the United States salutes the NASA Langley Research Center as it celebrates its 75th anniversary July 17, 1992. May it continue expanding the frontiers of flight.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 324

Whereas, in 1917, the first civilian aeronautical research laboratory of the National Advisory Committee for Aeronautics (NACA) was established in Hampton, Virginia;

Whereas such laboratory, now called the NASA Langley Research Center (hereafter referred to in this Resolution as the "Center"), occupies 787 acres of government-owned land;

Whereas the official groundbreaking ceremonies for the Center were held on July 17, 1917;

Whereas the Center is the United States Government's oldest, most prolific and most honored aerospace laboratory;

Whereas the Center supports the Nation by studying the basic problems of flight, selecting certain of those problems for investigation, and following up with practical solutions to such problems through long-term research and test programs;

Whereas the first United States manned space program, Project Mercury, began at the Center in 1958;

Whereas the Center supports investigations and research in space technology and advanced space transportation systems, designs concepts for large space structures, and develops research hardware and conducts experiments in space;

Whereas the Center makes major contributions to national atmospheric research such as developing satellite experiments, modeling the atmosphere and analyzing climate observations;

Whereas from the beginning, people have been the most important resource of the Center with over 3,000 civil servants and over 2,200 contract personnel university researchers and United States Army helicopter research personnel currently working at NASA Langley;

Whereas the Center is comprised of many facilities unique in the world of aerospeace research, five of which have been designated as National Historic Landmarks by the Department of the Interior; and

Whereas the Center is one of the leading aerospace research laboratories in the world and has consistently been a source of technology that has made aerospace a major factor in commerce and national defense; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress does commend the NASA Langley Research Center as it celebrates its 75th anniversary on July 17, 1992, and as it continues expanding the frontiers of flight.

The Senate joint resolution 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.

GENERAL LEAVE

Mr. BROWN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on Senate Joint Resolution 324, the Senate joint resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

WAIVING CERTAIN POINTS OF ORDER AGAINST CONSIDERATION OF H.R. 5504, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1993

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 508 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 508

Resolved, That all points of order against consideration of the bill (H.R. 5504) making appropriations for the Department of Defense for the fiscal year ending September 30, 1993, and for other purposes, for failure to comply with the provisions of clause 7 of rule XXI are waived. During consideration of the bill, all points of order against provisions in the bill for failure to comply with clause 2 or 6 of rule XXI are waived. Points of order under clause 2 of rule XXI against the amendments printed in the report of the Committee on Rules accompanying this resolution are waived. Amendments printed in the report and any amendments thereto shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent.

The SPEAKER pro tempore. The gentleman from Texas [Mr. FROST] is recognized for 1 hour.

Mr. FROST. Mr. Speaker, I yield the customary 30 minutes to the gentleman from New York [Mr. SOLOMON], for the purpose of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 508 provides for the consideration of H.R. 5504, the Department of Defense appropriations bill for fiscal year 1993.

The resolution waives all points of order against the bill for failure to comply with clauses 2 and 6 of rule XXI, and waives all points of order for failure to comply with clause 7 of rule XXI. Clause 2 of rule XXI prohibits unauthorized appropriations or legislative provisions in general appropriations bills. These waivers are necessary because authorizing legislation for various programs has not yet been enacted.

In addition, Mr. Speaker, clause 6 of rule XXI prohibits reappropriations in general appropriations bills. The clause 6 waivers are necessary to allow the transfer of unexpended balances from one account to another and the extension of authority to obligate those funds in the new fiscal year.

Clause 7 of rule XXI requires the relevant printed hearings and report to be available for 3 days prior to consideration of a general appropriations bill. The clause 7 waiver is necessary to ensure the expeditious consideration of this appropriations bill.

The resolution also waives points of order under clause 2 of rule XXI against three amendments printed in the report to accompany the resolution. The amendments are two to be offered by Representative DORGAN, and an amendment to be offered by Representative PENNY. Each of the three designated amendments shall be debatable for 20 minutes, with the time equally divided and controlled by the proponent and an opponent.

Mr. Speaker, H.R. 5504 provides appropriations for the Department of Defense for fiscal year 1993. It provides funding for military personnel, operations and maintenance, procurement, and research, development, test and evaluation programs.

We are entering a new era where the United States is the world's only military superpower. Our former adversaries have dismantled their hostile and repressive regimes, and have embarked upon more peaceful pursuits.

At the same time, the world remains a dangerous place. The potential for conflict still exists, as demonstrated by the Iraqi invasion of Kuwait last year, and the United States must remain prepared to protect its vital interests.

Consideration of H.R. 5504 will permit us to debate the appropriate level of funding for our national defense needs, and to determine which programs and activities will best enable us to maintain an adequate level of strength to meet potential threats.

Mr. Speaker, H.R. 5504 addresses two issues that should be of particular interest to this body.

One is funding for the V–22 *Osprey*. This has been, and remains, a contentious issue between the Congress and the Secretary of Defense. We provided funding for the V–22 in fiscal year 1992 totalling $790 million, but the Secretary has refused to spend the money despite the unmistakably clear intent of Congress to proceed with the program. Recently, the General Accounting Office issued an opinion that the Secretary's action constitutes an unreported rescission in violation of the Impoundment Control Act of 1974.

H.R. 5504 establishes a schedule for the release of both the $790 million provided last year, and the $755 million provided this year. It also requires the Department of Defense to provide Congress with a plan and schedule for completing phase II of the V–22 program.

Mr. Speaker, the Congress has approved legislation providing funds for the V–22, legislation that the President has signed into law. It is time that the Secretary end his withholding of duly appropriated funds and proceed forward with the program as directed by Congress.

Another issue of importance addressed by H.R. 5504 is the issue of defense conversion. Because the world and the assessment of the risks to our national security have changed, expenditures for defense will surely decline for the foreseeable future.

Recognizing this, and the resulting impact on military personnel, defense workers, and our economy, H.R. 5504 also provides funding for defense conversion. I am particularly pleased with this initiative, as I joined with House Armed Services Committee Chairman LES ASPIN and House Majority Leader DICK GEPHARDT in crafting the $1 billion defense conversion package that was added to the defense authorization bill and which is now being funded by this appropriations bill.

We have a golden opportunity to stimulate economic growth and help displaced defense workers and military personnel by redirecting money originally planned for defense. It is a time to be creative and a time to be bold. We

have seen an unparalleled defense buildup in the last decade and now, as defense spending is decreased, we must find ways to provide new jobs for the thousands of defense workers who will be out of work and the thousands of active duty military who will no longer be needed by our country.

This resolution will enable us to begin the debate on funding for our national defense, as well as how we can begin addressing the needs of defense workers and our economy as defense spending declines. I urge its adoption.

□ 1100

Mr. SOLOMON. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. BATEMAN], a distinguished member of the Committee on Armed Services.

Mr. BATEMAN. Mr. Speaker, I thank the gentleman for yielding this time to me.

I rise in support of the rule now under consideration on the Defense Appropriation bill and anticipate certainly supporting it with my vote and hopefully the passage of the bill.

Mr. SOLOMON. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. GINGRICH], the distinguished minority whip, since this piece of legislation does impact on the national employment picture.

Mr. GINGRICH. Mr. Speaker, I thank my colleague, the gentleman from New York, for yielding me this time.

I just want to say that I intend to vote for this today. I think it is very important that we move this bill to the conference and that we continue to support national defense.

I commend the gentleman from Pennsylvania [Mr. MURTHA] and the gentleman from Pennsylvania [Mr. MCDADE] for the job they have done in putting together a very good bill; but I do think the continuing decline in defense spending and the number of people that we are going to be laying off from defense industries and laying off from the armed services is a further reminder of why it is important for the House and the Senate to pass a strong economic growth bill and to pass a strong incentive program, such as President Bush has sent up, including the $5,000 first-time homebuyers tax credit and the changes in capital gains which would allow us to encourage investment and encourage jobs.

The unemployment number this morning should be a further reminder that until this Congress passes an economic growth program and gets it signed into law and until we pass stimulus to create jobs, we are going to continue to have Americans unemployed.

We have been saying this now since July of last year on the House Republican side. We have tried on several occasions to pass a signable economic growth and jobs bill. I would just hope that the Democratic leadership, looking at this defense bill, looking at the cuts in defense spending, looking at the layoffs in defense industries, looking at the dismissal of both civilian and military personnel from the Pentagon, will come to realize that we must pass an economic growth and jobs-creating program, and we must help President Bush with that kind of program if, in fact, we are going to put the American people back to work and have the kind of world we want.

So, Mr. Speaker, I thank my colleague very much for yielding this time. I do intend to vote for this, and I do hope that the entire conference will join us in voting; but I do think as a part of this program with a smaller defense system, we must have more economic growth proposals and more stimulus passed into law.

Mr. SOLOMON. Mr. Speaker, the gentleman's points are so well taken.

I know the gentleman from Pennsylvania [Mr. WALKER] has a similar interest, and I yield such time as he may consume to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I, too, want to express a concern as the unemployment rate goes up today that the response that we are beginning to hear from the Congress is that this is an excuse for passing the unemployment compensation bill. It is indeed true that we need to provide help for people who are unemployed because of the recession.

On the other hand, it is not a good thing to simply say that keeping people permanently unemployed is the main action this Congress should take. Our real action ought to be to have an economic growth package that puts people back to work, that assures that there are real jobs out there.

This bill today that we have before us that the gentleman brings to the floor with his rule is a bill where we are beginning to cut back on defense. We are cutting back on defense because the world has changed. That is very true, but we had better then figure out how we are going to employ these people in the future. That demands an economic growth package. It demands a commitment to high technology and science and a lot of the kinds of things that stimulate growth for the future.

I do not see that happening in the Congress. The problem is that we are cutting back on our technology. We are cutting back on our science. We are going to protectionism in trade and thereby jeopardizing our exports. We are doing all the wrong things in the Congress right now in order to produce the jobs of the future. I would hope that begins to turn around.

Mr. SOLOMON. Mr. Speaker. I yield myself such time as I may consume.

Mr. Speaker, the gentleman again is right on the mark.

Mr. Speaker, that brings me to the point I wanted to make.

Mr. Speaker, I must give my highest commendation to both Chairman MURTHA and ranking member, Mr. MCDADE, of the Appropriations Committee's Subcommittee on Defense for their efforts to bring to the floor a bill that manages—in a responsible manner—the cuts in defense that we will be making as the cold war ends and as we enter a world of new challenges, as the gentleman from Pennsylvania [Mr. WALKER] was speaking about before.

Mr. Speaker, I say "responsible" because, although it cuts the Defense Department appropriation a full 17½ billion—not million, but billion dollars from the funding level now in effect—this bill does it in a way that serves to maintain the strength and vitality of our Armed Forces, while largely working with the President toward the goal of reducing those forces by almost 25 percent by the middle of this decade.

Mr. Speaker, let us be clear about something. With the exception of the spending associated with Operation Desert Shield/Desert Storm, which, incidentally, was defrayed to a large degree with contributions from our allies—1993 will mark the eighth consecutive year, in spite of all we hear out there in the press, of decline in defense spending in real terms. A lot of members on this floor realize that.

Let us not forget, also, that most of the rescissions we approved earlier this year came out of previously appropriated defense funds, $7.1 billion out of a total of $8.2 billion, to be precise.

Now we have before us a rule that allows the Members to offer amendments to strike funding even further. That concerns me a little bit, but as much as I may believe that we need to be cautious in considering such further cuts—for the sake of our men and women in uniform who will be separated from their careers in the service, and for the sake of the men and women in our economy who work in our defense industrial base—I support this rule for giving Members that right. That is fair.

Mr. Speaker, let me take a moment to state my concerns—not about this rule, but about the process by which we are granting rules for debate and amendment, not just on appropriations bills, but on authorizing bills as well.

Lately, we seem to have forgotten that we are here not just to enact legislation on the floor of this House, but to give the Members adequate time to educate themselves on the contents of the legislation being reported by various committees prior to floor debate. That is terribly important.

Quite frankly, the Rules Committee has gotten into the disturbing habit of holding hearings on bills and then reporting rules for their consideration before the Members—and that is 99 percent of the Members of this House—at

large have had a chance to study the committee reports, in fact, in some cases, well before such reports are even printed for the use of the Members. Members cannot even see the report. They do not know what is in the bill.

This is not good, Mr. Speaker, and can only lead to the kind of confusion that we saw so recently in the Rules Committee on the Interior appropriations bill, when so many Members appeared before the committee on short notice to express their concerns about its provisions—after which the initial rule reported by the committee was quickly withdrawn once other Members were able to focus their attention on it and the provisions of the bill it covered. That is why the bill was pulled from the floor and does not even appear on the Calendar for next week again.

Mr. Speaker, although this procedure by the Rules Committee is not a violation of the standing rule that calls for a bill and committee report to be available for at least 3 days before debate on the floor, it certainly violates that rule's spirit, in my estimation. And I can only hope that the majority will not continue to engage in such fast-track procedures, which often leave the membership confused—and perhaps even resentful.

Having said all this, Mr. Speaker, I want to return to my main point, which is that I support this rule and expect that its adoption will help us pass this important bill that Chairman MURTHA and ranking member, Mr. MCDADE, have brought to this floor, so that the other body can proceed to its consideration. It is a good piece of legislation and I hope every Member votes for this rule.

□ 1110

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, if I may direct a brief question to the chairman of the subcommittee, the gentleman from Pennsylvania [Mr. MURTHA].

Mr. Chairman, the defense authorization bill passed by the House several weeks ago included $1 billion of defense conversion. That authorization bill, of course, must now go to conference with the other body. It is my understanding that once the House and Senate reach agreement on the authorization bill in conference, and specify exactly how that $1 billion will be spent—that it is the intention of the gentleman from Pennsylvania—it would be his intention in the conference version of his appropriations bill, to track those provisions that would be agreed upon by the Senate and the House in the authorization bill.

Mr. MURTHA. Mr. Speaker, will the gentleman yield?

Mr. FROST. I yield to the gentleman from Pennsylvania.

Mr. MURTHA. I thank the gentleman for yielding.

Mr. Speaker, the gentleman is exactly right. Because we did not know all the details about it when it was originally introduced, we will fund whatever the Committee on Armed Services authorizes.

Mr. FROST. I appreciate that because that is a very important provision that Chairman ASPIN, majority leader GEPHARDT, and I, and a number of other Members worked on, and it is very important that it actually be funded once it is agreed upon by the conferees on the authorization side.

Mr. SOLOMON. Mr. Speaker, this is a good rule and I would ask the Members to vote for it.

Mr. Speaker, I yield back the balance of my time.

Mr. FROST. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. MCNULTY). The question is on the resolution.

The resolution was agreed to.

The motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 5504) making appropriations for the Department of Defense for the fiscal year ending September 30, 1993, and for other purposes, and that I may be permitted to include tables and other extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 1993

Mr. MURTHA. 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. 5504) making appropriations for the Department of Defense for the fiscal year ending September 30, 1993, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from Pennsylvania [Mr. MCDADE] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania [Mr. MURTHA].

The motion was agreed to.

□ 1115

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. 5504, with Mr. OBERSTAR in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the bill is considered as having been read the first time.

There was no objection.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Pennsylvania [Mr. MURTHA] will be recognized for 30 minutes, and the gentleman from Pennsylvania [Mr. MCDADE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Pennsylvania [Mr. MURTHA].

Mr. MURTHA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I bring to the House of Representatives the fiscal year 1993 Defense appropriations bill. I'd like to thank all the members of the Defense Subcommittee for the hard work they have performed all year. I'd like to give special thanks to the ranking minority member of the subcommittee, my friend from Pennsylvania [Mr. MCDADE]. I am sad to mention that this is the last time the Defense appropriations bill will be on the floor with the assistance of Congressman DWYER and Congressman AUCOIN. They are both leaving the House and their counsel will be greatly missed.

The Appropriations Committee is recommending to the House a total of $252.7 billion in the new budget authority for fiscal year 1993 for the Defense Department. This figure is $8.6 billion below the budget request and $17.4 billion below the current year funding level. These spending levels do not include funds for the Nuclear Weapons Program of the Department of Energy or for military construction. Those activities are funded in separate appropriations bills.

At this point in the RECORD I will insert a table outlining the committee's recommendations by account:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1992 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1993

Agency and item	Appropriated, 1992 (enacted to date)	Budget estimates, 1993	Recommended in bill	Bill compared with appropriated, 1992	Bill compared with budget estimates, 1993
[1]	[2]	[3]	[4]	[5]	[6]
RECAPITULATION					
Title I—Military Personnel	78,266,327,000	77,080,200,000	76,896,200,000	−1,370,127,000	−184,000,000
Title II—Operation and Maintenance	83,358,581,000	74,832,176,000	71,710,202,000	−11,648,379,000	−3,121,974,000
Title III—Procurement	64,377,809,000	55,764,498,000	53,743,289,000	−10,634,520,000	−2,021,209,000
(By transfer)			(1,900,000,000)	(+1,900,000,000)	(+1,900,000,000)
Title IV—Research, Development, Test and Evaluation	39,401,923,000	38,921,203,000	38,795,148,000	−606,775,000	−126,055,000
Title V—Revolving and Management Fund	3,424,200,000	1,123,800,000	16,600,000	−3,407,600,000	−1,107,200,000
Title VI—Other Department of Defense Programs	1,679,198,000	12,716,908,000	11,278,375,000	+9,599,177,000	−1,438,533,000
Title VII—Related agencies	192,919,000	199,551,000	178,900,000	−14,019,000	−20,651,000
Title VIII—Economic Conversion			(1,000,000,000)	(+1,000,000,000)	(+1,000,000,000
Title IX—General provisions	−486,617,000			+486,617,000	
(By transfer)	(195,000,000)			(−195,000,000)	
(Additional transfer authority, sec. 9006)	(1,500,000,000)	(1,500,000,000)	(2,500,000,000)	(+1,000,000,000)	(1,000,000,000)
Total, Department of Defense	270,214,340,000	260,638,336,000	252,618,714,000	−17,595,626,000	−8,019,622,000
Scorekeeping adjustments	−115,000,000	612,000,000	35,000,000	+150,000,000	−577,000,000
Grand total	270,099,340,000	261,250,336,000	252,653,714,000	−17,445,626,000	−8,596,622,000

This bill is: Below the budget request; below the budget resolution; and below the 602(b) allocation.

DEFICIT REDUCTION

In this bill, and in the recently passed rescission bill, the committee has made an important contribution to deficit reduction. The rescission bill included a total of $7.1 billion of previously appropriated defense funds which were rescinded. The committee has reduced this bill $8.6 billion below the budget request. Thus the recently passed rescission bill and the fiscal year 1993 Defense appropriations bill have made an important contribution to current and outyear deficit reduction.

DEMISE OF THE COLD WAR

The steadfastness and rightness of America's foreign policy and defense posture since the end of World War II have paid dramatic and stunning results in recent years:

The collapse of the Berlin Wall;

The dissolution of the former Soviet Union and its empire.

The emergency of democracy in eastern Europe and in the former Soviet Union.

The stunning defeat of Iraq in its attempt to annex Kuwait.

The dramatic decline in the actual and projected number of nuclear warheads in the strategic arsenals of the United States and the former Soviet Union.

The Congress should be proud of its steadfast support for a strong U.S. military over the decades of the historical struggle between the forces of democracy and its adversaries. Clearly, as America enters victorious into the post cold war era, it is appropriate to significantly downsize the Defense budget and DOD's force structure. What is not appreciated by many, is the significant degree to which that downsizing has either already taken place or is projected to take the place in the outyears.

DECLINE IN DEFENSE SPENDING

Not including the one-time spike upward for Desert Shield/Desert Storm related expenditures, the fiscal year 1993 budget authority for defense represents the eighth consecutive year of decline in defense spending when measured in constant dollars. Also, additional reductions assumed in the outyear projections in defense are quite large:

U.S. military operations will be ended, reduced or placed on standby at 559 overseas installations.

The projected contraction in the force structure, when implemented over the next few years, will result in a force structure at lease 25 percent below the force structure that existed in 1990.

A reduction in the U.S. base structure roughly commensurate with the 25-percent reduction in the force structure either has been announced or will soon be recommended.

The dramatic decline in the procurement budget is shown in the following table:

Budget authority in constant fiscal year 1993 dollars

[In billions of dollars]

Fiscal year:	*Procurement*
	Procurement
1985	127.2
1986	117.7
1987	98.6
1988	94.7
1989	90.5
1990	89.7
1991	76.5
1992	62.5
1993	53.7

The procurement account has declined by almost 60 percent in the past 8 years.

In a few years, the DOD's budget will be a smaller percent of the Federal budget and of the gross domestic product, than it has been since before World War II.

Thus in historical perspective and in perspective of the Nations total wealth, the level of defense spending recommended in this bill is indeed modest.

STRATEGIC NUCLEAR ARSENALS

Based on the recent talks between Presidents Bush and Yeltsin, the combined strategic nuclear warhead arsenal of the United States and Russia are projected to decline to a level of approximately 7,000. This is a reduction of about two-thirds from the current level. The latest proposal for reducing the U.S. arsenal will be embodied in a future treaty proposal which will be submitted to the Senate for ratifications.

In terms of procurement funds in this bill for strategic weapon systems, there basically is $3.5 billion which consists of $2.7 billion for the B–2 bomber and $787 million for procurement of D–5 missile for the Trident submarine. Thus, just over 1 percent of this budget is for procurement of strategic weapon systems. Additionally, it should be noted that the B–2 Stealth bomber is also a weapon system designed for conventional warfare.

Additional funds are included in the military personnel and operation and maintenance accounts for maintaining various strategic systems. As ratified treaties are implemented, these funds are sealed back.

PRIORITIES IN THIS BILL

As the nature of the threat to America's national security changes, we must be perceptive enough and wise enough to invest our resources in the right mix of defense systems and force structure to meet the evolving global situation in an era of greatly reduced defense budgets.

The broad trends in defense budgets of the past few years, and the probable trends of the next few budgets are threefold.

A dramatic reduction in strategic and tactical nuclear warheads;

A significant pullback of the U.S. troops deployed abroad; and

A significant downsizing of the continental U.S. base structure and force structure.

While the world in general is much safer as a result of the past few years, history takes many strange twists and turns. The committee believes that in this era of a downsized military, with a significantly lower presence overseas, the central aspects of readiness include deployability, mobility, sustainability, and lethality. The committee has made funding adjustments to numerous programs to enhance these important aspects of readiness.

HIGHLIGHTS OF COMMITTEE RECOMMENDATIONS

Mr. Chairman, I would like to briefly highlight the committee's recommendation in the major accounts.

ACTIVE MILITARY PERSONNEL

The committee recommends a total of $76,896,200,000 for military personnel, a decrease of $184,000,000 from the budget request.

The committee agrees with the authorized end strength as in the President's budget request but took an additional decrease of 10,000 end strength in both Army and Navy appropriations for a total reduction of 20,000 to be applied to administrative and management positions at departmental and major command headquarters, and not from troops in the field.

Reductions should come from positions in the national capital region, wherever possible.

GUARD AND RESERVE

The committee recommends a total of $9,436,500,000, an increase of $240,000,000 above the budget request for personnel. In addition, the committee recommends a total of $8,284,519,000 which includes funding in the real property maintenance appropriation. This is an increase of $309,400,000 above the budget request for operation and maintenance.

The committee agrees with the authorized end strength for the Marine Corps Reserve, Air Force Reserve, Army National Guard, and added an additional 10,000 end strength above the budget request for both the Army Reserve and Navy Reserve.

OPERATION AND MAINTENANCE

The operation and maintenance appropriation provides the resources necessary to maintain high readiness of our Armed Forces and to enhance the quality of life of our military personnel, their families, and civilian personnel. The committee recommends a total O&M funding level of $71,710,202,000, a decrease of $3,121,974,000 from the budget request.

Although the recommended funding level is significantly lower than the budget request, the committee's actions shall not affect the readiness of our Armed Forces. The reductions are from administrative and management accounts and funds that pay for foreign national employees and repairs and maintenance of overseas facilities.

The committee denied the Department's budget request to transfer $2,000,000,000 of excess cash from the Defense business operations fund [DBOF] to the services' O&M appropriations. Instead, the committee directed the Department to free issue supply items from DBOF to the services in order to reduce DOD's multibillion-dollar excess inventories, and to force the Department to provide the necessary controls and accountability of the cash balances in the Defense business operations fund.

The committee provided an additional $250 million to repair and modernize troop billets, armories, and training facilities.

PROCUREMENT

The committee recommends $53,743,289,000 in new obligational authority and $1,900,000,000 in transfers for procurement items. Major programs funded in the bill include the following:

$406,729,000 for 60 Black Hawk helicopters,

$225,000,000 for 36 AHIP helicopter modifications,

$148,163,000 for 144 Avenger systems,

$449,500,000 for 115 MLRS launchers and 30,000 missiles for the Army and the Marine Corps,

$192,415,000 for 351 ATACMS missiles,

$338,380,000 for Bradley Fighting Vehicle production sustainment and modifications,

$148,532,000 for M109 Paladin howitzer modifications,

$1,175,433,000 for Army ammunition,

$229,548,000 for 6,437 HMMWV vehicles for the Army,

$270,101,000 for 2,212 medium tactical vehicles for the Army, and

$315,370,000 for 961 palletized loading system vehicles for the Army;

$1,720,000,000 for 48 F/A–18 aircraft,

$501,451,000 for 20 CH/MH–53E helicopters,

$123,931,000 for 12 AH–1W Cobra attack helicopters,

$492,264,000 for 24 SH–60B/F ASW helicopters,

$303,474,000 for 12 T–45 TS Goshawk trainer aircraft,

$117,398,000 for seven HH–60H combat search and rescue helicopters,

$786,802,000 for 17 Trident II—D5—missiles,

$404,144,000 for 200 Tomahawk missiles,

$256,783,000 for 330 Standard missiles,

$188,580,000 for 108 MK–48 ADCAP torpedoes,

$2,605,262,000 for three DDG–51 destroyers,

$1,205,000,000 for one LHD–1 amphibious assault ships, and

$801,400,000 for sealift ships for the Navy and Marine Corps;

$2,686,572,000 for four B–2 aircraft,

$683,230,000 for 24 F–16 aircraft,

$2,061,540,000 for six C–17 aircraft,

$310,572,000 for one E–8B—JSTARS—aircraft,

$868,874,000 for 1,115 AMRAAM missiles,

$218,400,000 for 846 HARM missiles, and

$382,169,000 for space boosters for the Air Force.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

The committee recommends $38,795,148,000 for the RDT&E title, a reduction of $126,055,000 from the budget request. Specific recommendations of selected programs are as follows:

The committee provided $443,007,000, the budget request, for the Comanche light armed scout helicopter. In addition, the committee added $25,000,000 for Apache upgrades and $8,100,000 for OH–58D upgrades.

The committee provided $408,444,000 for armored systems modernization, a reduction of $35,000,000. In addition, the committee added $31,800,000 for Bradley upgrades and $26,800,000 for M1 live fire testing/fielding. These actions reflect the amount approved by the House of Representatives during consideration of H.R. 5006, the National Defense Authorization Act, 1993.

The committee provided $1,136,589,000, the budget request, for the new model F–18E/F, and $165,583,000, the budget request, for the AX, with no legislative requirements on prototyping as was suggested by the House Armed Services Committee. Also, the committee provided an increase of $50,000,000 to give the Navy the option of developing the F–14 Quickstrike air-to-ground attack version of the aircraft.

The committee provided $150,000,000 in the submarine and combat system development programs to continue development and testing of the SSN–21 *Seawolf*.

The committee provided $193,408,000, an increase of $33,000,000, to ship self-defense, in order to continue and augment the committee initiative to provide advanced protection to Navy surface ships from sea-skimming, antiship cruise missile attacks.

The committee provided $162,473,000, an increase of $127,000,000, to the P–3 modernization program—$90,000,000 for the development of an advanced propulsion system which will be needed for the next model of the aircraft, and $37,000,000 for the further development and testing of the Update IV avionics system.

The committee provided $775,000,000 for the V–22 program to continue construction of production-representative aircraft for testing purposes. This reflects the amount approved by the House of Representatives during consideration of H.R. 5006, the National Defense Authorization Act, 1993.

The committee provided $1,261,384,000, the budget request, for the B–2 advanced technology bomber.

The committee provided $2,024,268,000 for the F–22 advanced tactical fighter, a reduction of $200,000,000. This action reflects the amount approved by the House of Representatives during consideration of H.R. 5006, the National Defense Authorization Act, 1993.

The committee provided $175,489,000, the budget request, for the National Aerospace Plane Technology Program.

The committee provided $210,000,000, the budget request, for the C–17 program.

The committee provided $4,237,500,000 for the strategic defense initiative and theater missile defense programs, and encouraged the Navy to accelerate theater defense applications.

The committee provided $362,957,000 for the Defense Nuclear Agency, a reduction of $47,000,000.

The committee provided $100,000,000 for the high definition military displays technology program, which has potential dual-use spinoffs.

The committee provided an additional $180,000,000 for advanced materials research.

The committee provided an additional $20,000,000 for Sematech.

NAVAL AVIATION

Mr. Chairman, the future of naval aviation has been and continues to be one of the most difficult funding and policy issues we face. Because of the importance of this issue, I would like to take a few minutes to explain this issue to the House.

With the demise of A–12 and the cancellation of F–14 upgrades by DOD, the state of naval aviation is a real problem that we must fix. The House Armed Services Committee made a number of very thoughtful proposals on the A–X and new model F–18E aircraft development programs, which our committee strongly considered. But in the end, we could not agree with them. The committee essentially approved the administration's plan, but with a few strings attached.

Concerning the F–18E/F, the committee approved $1.1 billion as requested. The HASC would have required an extensive prototyping phase, and delayed entry of the program into the engineering/manufacturing development phase until 1996. This would have delayed introduction of the aircraft into the fleet by at least 3 years. Since 90 percent of the avionics and software are unchanged in the new model F–18E/F, and the program requires that the first seven preproduction aircraft fly 55 months of testing time, we agree with the Office of the Secretary of Defense that the program is low to moderate risk. In addition, the Congress did not require such prototyping when the Air Force developed its new model F–15E, which was very successfully used in Iraq. However, the committee cautioned the Navy that our support will remain only as long as technical risks remain low to moderate, and that the cost and schedule commitments made to Congress are kept. Concerning A–X, the HASC suggested accelerating the program and requiring two industry teams to perform the 4-year demonstration/validation phase. Our committee would also like to accelerate A–X, but the Navy's program is already shorter than the Air Force's ATF; we don't want to cause another A–12. We also share the HASC's concern about down-selecting to a single contractor, based only on paper analysis. But, it is not clear whether legislatively requiring two industry teams makes sense: It clearly does if the Navy chooses to build a new aircraft; it clearly does not if the Navy chooses an advanced tactical fighter variant. This is important because the Navy says carrying an extra industry team costs an additional $2 billion. We believe that DOD needs time to conduct its normal acquisition process, because the final strategy and decisions will be made at the Secretary of Defense level. Our committee approved the Navy's budget request of $165 million, but requires OSD to report its A–X decision to Congress 30 days in advance of signing any contracts. This gives Congress time to review DOD's decision next spring, and to introduce legislation next year should that be necessary.

Concerning the F–14, the committee provided $50 million for the Quickstrike package to provide air-to-ground capabilities to the F–14 aircraft. We view this as a low-cost option that the Navy could pursue if it chooses, for retrofit into the existing fleet.

INTELLIGENCE

Mr. Chairman, during the course of the last decade, budgetary resources devoted to the intelligence community have grown in real terms by over 100 percent. Over the same time period, the overall defense budget—excluding the intelligence budget which is contained within the defense budget—grew by only 5 percent in real terms. In addition, the level of intelligence personnel in the National Capital region has grown 70 percent over the same time period.

Accordingly, the committee has recommended reductions to the intelligence budget and has included section 9128 in the general provisions of this act, mandating a reduction of 2 percent to the National Foreign Intelligence Program [NFIP] personnel levels when compared to fiscal year 1992 levels. The committee also directed that the Director of Central Intelligence [DCI] submit a plan to the Committee on Appropriations which details how NFIP personnel levels, including those in the National Capital region, will be reduced by 2 percent a year over the following 5 fiscal years.

The committee believes that reductions to the intelligence budget can be accomplished in a manner which retains a robust capability to address the most crucial security issues which affect the country. The committee is also prepared to work closely with the Defense Department and the intelligence community in this endeavor.

LTV ACQUISITION

The committee bill includes a general provision which prohibits the acquisition of the LTV Aerospace and Defense Co. by the French company Thompson CSF. The provision also prohibits use of funds in the act to further this sale. The committee believes that such an acquisition would not be in the national security interests of the United States. This belief is based in part on the aggressive international marketing of defense hardware and technology by Thompson CSF and by the French Government, generally. For example, Thompson CSF is said to be responsible for selling the sophisticated air defense system to Iraq which our pilots had to counter in Desert Storm.

The committee's concern about the LTV acquisition is supported by a recent study by the Defense Intelligence Agency which concluded that the sale would represent a significant risk to the U.S. technology base. Furthermore, in a recent article, the former head of the French intelligence service is quoted as saying that, "In technological competition, we are competitors, we are not allied." In this time of defense drawdown, it is not prudent to sell our leading edge technological capabilities to foreign countries.

TAILHOOK INCIDENT

As many of you may know, I served over three decades in the Marine Corps including active duty and Reserves. I am very proud of those years of service and I'm proud of the magnificent job the men and women of our Armed Forces have performed in the service of this country over the years. For many years, the Defense Department has been in the forefront in implementing progressive social policies. The Armed Forces are the most thoroughly integrated institution in our society. An aggressive policy of racial equality for members of the armed services was first implemented under President Truman. Also, over the past few decades, the role of women in the armed services has increased dramatically.

Thus it was with particular anger and disgust that I learned of the Tailhook incident last year. I have been equally dismayed by the snail pace of the investigation. The unconscionable behavior of the officers at the Tailhook convention is a severe blight on the reputation of the Navy. An investigation must be aggressively pursued to determine who participated in this illegal and immoral behavior, and all guilty parties appropriately punished.

I have communicated to the Secretary of the Navy and top naval officers in the past on my concerns about sexual harassment in the Navy. This behavior by Navy personnel will simply not be tolerated.

OTHER PROGRAMS

I would like to briefly address some other initiatives we have taken in this bill:

The committee has included $1 billion for economic conversion to assist communities adversely impacted by the significant slowdown in military spending.

We have added funds to the Army Guard and the Air National Guard for the funding of 12 pilot youth programs—6 for urban programs and 6 for the Youth Conservation Corps. The Guard personnel will provide instruction, counseling, and mentoring at these camps.

We have funded a pilot program in the Army Junior ROTC program to enhance the opportunities for minority participants to enter higher education.

The committee has added $109 million above the budget request for medical R&D including:

AIDS research: +$33,000,000.

Breast cancer research: +$25,000,0000.

Bone marrow research: +$31,000,000.

CONCLUSION

In conclusion, this bill is:

Below the budget request;

Below the level for defense in the budget resolution;

Below the level in the 602(b) allocation; and

Makes an important contribution to deficit reduction.

This bill:

Basically funds all major programs requested;

Adds significant funds for the Guard and Reserve;

Continues the steady contraction of the overall force structure and base structure as noted by a funding level $17.4 billion below the current fiscal year;

Reorders priorities somewhat and emphasizes: deployability; mobility; and sustainability.

I urge support for this bill and passage by the House.

I understand Mr. PENNY will offer an amendment later to delete procurement funds for the Trident II—D–5—missile. I will oppose this amendment but, as the threat changes and declines, this issue will have to be reviewed and further evaluated as other programs will have to be reviewed.

Also I understand Mr. UPTON has a concern about the Meals Ready To Eat Program.

It is the intent of the committee to support the budget request to purchase 2.8 million cases of Meals Ready To Eat [MRE]. It is my understanding that the Department could require an annual purchase of 3.1 million cases for future contingencies and humanitarian assistance for worldwide emergencies. I shall certainly support additional purchases of MRE's for these purposes, if required, but the Department is not mandated to make these purchases.

Mr. Chairman, with that I reserve the balance of my time.

Mr. MCDADE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am very pleased to rise in support of this bill. It has the usual problems. There are areas of disagreement with the administration, there are areas of disagreement among ourselves, but it is generally a good bill. There is one very major problem, and that is the abortion language that is in it. It would result in a veto. I hope, as we move along to conference, we can remove that and get the bill signed into law.

I have a statement from the administration that supports that approach and says they would like to see it proceed to conference and try to rework some of the numbers. I do not know whether we can get every piece of objectionable language out, but, I certainly want to try.

Mr. Chairman, I want to express my deep gratitude to the gentleman from Pennsylvania [Mr. MURTHA], the chairman of this subcommittee. It has been my privilege to be a Member of this body for 30 years, and I know of no Member in my 30 years' experience who does a more outstanding job to shepherd the welfare of the men and women of the armed services as does my friend from Pennsylvania.

I congratulate him for his work on this bill, and for his work as a Member of the House. He is a credit to all of us. I thank him for his leadership.

I want to say the same about the members of the subcommittee. We have wonderful people who work together. We have a superb staff and they have spent countless hours on this bill.

Let me just say as a Member on this side of the aisle who is charged with this enormous responsibility, that if I were to have my finest wishes come true, I could not ask to have better people to serve with me than the gentleman from Florida [Mr. YOUNG], the gentleman from Ohio [Mr. MILLER], the gentleman from Louisiana [Mr. LIVINGSTON], and the gentleman from California [Mr. LEWIS]. They are true patriots, and they are wonderful people.

Mr. Chairman, this bill reflects a bipartisan effort by the committee, to take yet one more step in the Nation's effort to reshape and downsize our defenses in this time of great change.

In so doing, we have also been able to make a major contribution toward what is clearly our most pressing domestic need—reducing the deficit.

For example, compared to the fiscal 1992 bill, this bill represents a reduction of over $17 billion. Adjusted for inflation this is a 1-year cut of about 10 percent.

We have scrubbed the budget request thoroughly, and as a result we recommended a reduction of more than $8½ billion from the request. And we've come in substantially lower than our 602 allocation in both budget authority and outlays.

In terms of specific issues, I want to stress that we have followed the lead of the House, as expressed last month on the Defense authorization, on major policy questions. This includes the SDI program, the B–2 bomber, and others.

Now, we are hearing that Members may try to revisit some of these issues today. I can only say that these areas have already been debated at length and voted by the House. I see no reason why the membership should have to go through this all over again on this bill and so I would urge restraint here.

Mr. Chairman, I am not completely pleased with all the recommendations we bring forth today, nor is the administration. In some areas we have gone too far in terms of the cuts in this bill.

And I am personally distressed regarding a cleverly crafted amendment, adopted without prior notice in the fill committee, concerning abortion at overseas military facilities. That provision was adopted last month on the authorization; now, here it appears on an appropriations bill, where it does not belong in terms of jurisdiction, let alone substance.

This provision is opposed by many Members, on both sides. But I am a realist, Mr. Chairman, and I realize there is nothing we can do today to change the position of the House on this.

But one thing is certain: if this provision comes back from conference I will oppose the bill, and if it is in a bill sent to the President we will see a veto. No question.

In the end, for this bill to ultimately become law, this provision, along with other areas of concern to the President will have to be corrected.

That is nothing new for us, with the Defense appropriations bill. That has been the case each of the 8 years I've been privileged to manage this bill as it has come to the House.

We need to fix these problems, both on the authorization and here as well, but that will have to wait until conference.

So, Mr. Chairman, with that caveat, I would urge Members, on both sides, to support this bill. Keep the process moving forward, and give your support to a measure which does many, many good things with respect to the Nation's security, and for our young people who serve so resolutely each and every day on the front lines of freedom.

Mr. Chairman, I urge the adoption of the bill, and I yield back the balance of my time.

Mr. MURTHA. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington [Mr. DICKS].

Mr. DICKS. Mr. Chairman, I rise in very strong support of H.R. 5504 and want to commend the chairman, the gentleman from Pennsylvania [Mr. MURTHA] and the ranking member, the gentleman from Pennsylvania [Mr. MCDADE].

Mr. Chairman, I rise in strong support of H.R. 5504, the Defense appropriations bill for fiscal year 1993. I congratulate Chairman MURTHA for his unequivocal leadership and cooperative approach to a very important issue that we face today. I commend the ranking member, Mr. MCDADE, as well as all of my colleagues on the Defense Appropriations Subcommittee for bringing to this House, a bill that addresses our national security requirements despite the fiscal constraints and emerging world developments. I also want to thank the staff of the subcommittee for their professional support and the long hours they labored to make this bill possible.

In H.R. 5504, the committee has recommended $252.7 billion in new budget au-

thority, a reduction of $8.6 billion below that of the fiscal year 1993 budget. This is a reduction of $17 billion below that which was appropriated in fiscal year 1992. This represents the eighth consecutive year of decline in Defense spending when measured in constant dollars. The procurement account alone, for defense weapons systems has declined by nearly 60 percent over this period of time. Considering the new world realities and our own budgetary constraints, this is a significant reduction in defense spending, Mr. Chairman, and a significant contribution towards deficit reduction.

Mr. President, 1 year ago this weekend, America celebrated our Independence Day, reaffirming our pride in the military success of Operation Desert Storm. Now, just 1 year later, we have witnessed even more dramatic events in the world. While we are no longer worried about a surprise attack by the former Soviet Union, the world is still a very uncertain place and we are faced with challenges and events that will continue to shape our national security policy for the years to come. While world events almost certainly justify overall reductions in spending, we must continue to maintain our responsibilities and interests around the world. The committee has supported the proposed reductions in defense spending as consistent with our legitimate security requirements. The Department of Defense budget plans to reduce its spending 25 percent after inflation adjustments over the next 5 years, trimming the Nation's defense budget outlays to nearly 3.4 percent of the GNP—the lowest level since before World War II. These moves must be carefully executed so that we maintain a credible military force and not place our security in jeopardy.

And still, more and more people cry for larger defense cuts. There may be some additional cuts that could be taken, as suggested by Congressman ASPIN, and Senator NUNN. This will be particularly true as we strive to achieve a balanced budget and meet pressing domestic needs. But those who call for more rapid draconian cuts are, in my judgment, asking us to retreat from active participation in world events that ultimately could adversely impact our vital security interests. The bill this committee offers today, is a real reduction in defense spending, with the crucial goal to support a smaller overall military; ready, well trained, and equipped, to meet future threats and missions. The transition to a smaller Armed Forces will not be a painless task. The defense industrial base, which for years has produced the kinds of specialized weapons systems that gave us the superior military technology and capability unmatched any where in the world, are being terminated, and shutdown. Domestic and overseas bases continue to close. By the end of this year fiscal year 1992, 300,000 men and women will have left the military service of their country, and over 100,000 civilians will leave military employment. As a result of these reductions, large numbers of employees are being involuntarily separated. Combined with the mandated reductions in military personnel levels, I am very concerned with the amount of people that are being forced into the current economy that is unable to accept them. The committee has supported the need for better requirements to ease these hardships, and that Federal civilian employees be given the same level of attention that is being given to uniformed personnel and private sector contractor employees. In response to these concerns, this bill includes $1 billion for a comprehensive economic conversion program to provide retraining and placement assistance to workers dislocated as a result of defense cuts along with funding innovative technology programs with potential commercial applications that can utilize the skilled personnel no longer needed by the military.

In the past, our Nation has not demobilized as sensibly as needed. We continue to face uncertain threats, that will require new and different strategies and military structures. This past December, we marked the 50th anniversary of Pearl Harbor, Mr. Speaker; Americans still remember the horrible cost of being unprepared. As we reflect back on Desert Storm, time and time again has the observation been made that only because we had nearly 56 months to deploy and supply our forces, were we able to defeat Saddam Hussein. The committee has focused its priorities on maintaining the quality of our troops, their training, readiness, and flexibility. Reaction response time becomes even more important as the world's adversaries become more difficult to detect. We are reducing our forward deployed troops, closing more than 500 overseas bases. Relieving that forward logistics disadvantage is addressed in the committee's support for the vital sealift and airlift assets for necessary for quick response, including the V–22, as well as the prepositioning of equipment and supplies. Combined with quick lift, light and heavy divisions, equipment, and supplies will be transferred to all parts of the world.

Future threats, as well as the budgetary constraints we face, will influence what weapon system capabilities will be required. As we restructure our defensive capabilities, the first priority would be the ability to deliver significant ordnance over long distances with little warning or advanced basing. I remain convinced that 20 B–2's offer revolutionary conventional capabilities for this requirement. As we reexamine our positions in light of the need for smaller contingency forces, the B–2, with smart weapons and worldwide reach, is exactly the kind of weapon we need for the future. Since the beginning of the cold war, we have relied upon the use of nuclear weapons as the deterrence. We learned very early on that nuclear weapons could provide deterrence more effectively than conventional means. Now the world has changed, and containment of the nuclear weapons is becoming a cooperative effort, worldwide. The focus is shifting to one of nonproliferation, arms control, and the deterrence role now becomes one of conventional means. The B–2, in its conventional role, is our greatest source of deterrence.

Efforts for arms control nonproliferation continue to grow. Unrestricted arms sales of weapons and parts can no longer be tolerated. Actions are necessary to prevent unauthorized sales and enact restraints preventing rogue countries from gaining and using the nuclear technological capabilities against others. Dismantlement of such an arsenal is imperative. Funds were previously authorized in support of the Nuclear Threat Reduction Act of 1992, for nonproliferation projects. The committee shares my deep concern with the lack of operational safety of the civilian nuclear reactor facilities in the Republics. We have earmarked $50 million of these funds to implement the Multilateral Nuclear Safety Initiative, which establishes two regional training centers to serve as focal points for operational safety, risk reduction measures for the unsafe nuclear reactors, as well as assists in developing effective safety standards and procedures.

In the health care arena, it has been the goal of this committee to fund health care programs that will improve access to military medical facilities for the military beneficiaries and retirees, while concurrently controlling the high costs for both the beneficiaries and the Government. The members of this committee have vocalized their support of better, more thorough health care for the military, their families, and the uniformed retirees. These people deserve better care, and it has become the consensus that the Department of Defense has not and is not taking care of its own. This committee encourages the expansion of programs such as the CHAMPUS reform initiative, which has shown great promise for delivering quality care nationwide.

The committee recognized the need to identify weapons systems programs that are no longer needed, or can be reviewed and consolidated. The committee has terminated funding for the antisatellite program; there is a reduction of $1.1 billion from the funds requested for the strategic defense initiative; there are reductions to a great number of servicewide classified programs; procurement in general, was reduced 60 percent, and there were also reductions to research and development. As the committee reports, these reductions totaled $8.6 billion, without sacrificing the quality of life for our service men and women, and without sacrificing our superior military readiness and capability.

Finally, the committee recognizes that the environmental cleanup of our defense bases is a growing problem. Serious problems have been documented in the implementation of the defense environmental restoration program that have consistently delayed completion of remedial action and have resulted in wasted expenditures. This committee has reiterated this problem in this bill, and provided $900 million for environmental cleanup activities at our military installations, along with direction to curtail the study activities and accelerate actual remediation. The committee has conveyed its desire to work with the Department to improve this situation, and has endorsed the pilot program for an expedited environmental restoration recently authorized in H.R. 5006.

Mr. WHITTEN. Mr. Chairman, I rise in support of H.R. 5504, the Defense appropriations bill for fiscal year 1993.

I want to congratulate the gentleman from Pennsylvania [Mr. MURTHA], the gentleman from Pennsylvania [Mr. MCDADE], and all my other Appropriations Committee colleagues on the Defense Subcommittee for the great job in putting this bill together. Along with the military construction appropriations bill, this bill provides a large measure of support to our National Guard and Reserve components. These

components place a vital role in our national security.

As I have stated before, all of the National Guard and the Reserve components have a tremendous peacetime mission and because they are local, they play a big part in adding to the support of the regular services.

This is not understood by many. Every time the Guard is called up, local areas see their military dollars being spent on something important to the areas—and that feeling carries on to the whole military. We need to continue to provide support to the Guard and Reserve for all of these reasons.

As we continue our unprecedented reductions in our voluntary military, a program is needed to ensure that the transition for our military personnel into the civilian sector be as smooth as possible so that troop reductions do not produce undue hardships on either the personnel being displaced or on those areas of our country where facilities are located.

The Defense Reinvestment for Economic Growth Program could be very important in this regard. We should use this program to give attention to using existing defense resources to restore the condition of our roads, our bridges, our highways, harbors, waterway locks and dams, schools, hospitals, and other public facilities. The need for these facilities has been well documented. Programs developed to provide for this asset investment not only provide employment opportunities which help the economy, but the facilities themselves provide benefits and growth for the Nation as they are put to their intended use. The Defense Reinvestment for Economic Growth Program needs to be developed to phase in with the military build-down and to create productive employment for those crowded out of military production and those who are forced to retire from the military or contractors after devoting their time to the defense of our country.

Mr. Chairman, this bill faces up to the important challenges we face because of the declining level of effort needed to assure our national security. I urge its adoption.

Mr. LOWERY of California. Mr. Chairman, I want to express my support for H.R. 5504, the Department of Defense appropriations bill for fiscal year 1993. This is a fiscally responsible bill that is below the President's request and under the budget allocation.

As produced by the Defense Subcommittee, this legislation provides a good balance in funding for our active duty and reserve personnel; procurement of needed weapons systems for the services; and, investment in new technologies to keep our Armed Forces the best in the world.

While I support the bill, I must express my opposition to a provision that was added in the full Appropriations Committee. This provision would allow military medical facilities overseas to offer abortion services to service personnel and their dependents. I oppose this provision and urge its deletion before passage of the bill.

In conclusion, I want to express my personal thanks to Chairman MURTHA, the ranking minority member, Mr. MCDADE, and Mr. LEWIS, a member of the subcommittee. The chairman, JOE MCDADE and JERRY LEWIS and their staffs worked with me on a number of programs in the bill and I want to thank them for their professionalism and fairness.

This is an excellent bill which will help protect our national security in a cost-effective manner. I support its approval by the House.

Mr. MILLER of Ohio. Mr. Chairman, today we are considering H.R. 5504, the fiscal year 1993 Department of Defense appropriations bill. This bill provides a total of $252.7 billion for the Department of Defense—$17.5 billion less than appropriated for the current fiscal year.

Any time you cut $17,500,000, as this bill does, difficult decisions must be made. I want to express my appreciation to Chairman MURTHA and to JOE MCDADE for their outstanding leadership in guiding the defense appropriations subcommittee through a difficult markup of this bill.

This bill recognizes the fact that the world has changed dramatically—though the threat our Nation faced from the Soviet Union has essentially disappeared, we still live in a world of uncertainty and danger. Yet, the threats we face today differ in significant respects and the reductions being made in defense are, for the most, both proper and necessary.

We are reducing the size of our Armed Forces and reorienting that force to one that will rely less on forward deployments and will instead be based more in the continental United States. I feel strongly that as we draw down our force levels, the amount we expend to bring in new recruits should also be reduced. Over the last 3 years, I have worked to reduce the military recruiting and advertising budgets from $645 million to $505 million—including a $36.8 million cut this year.

There are, however, parts of the bill I do not fully agree with. Funding for the strategic defense initiative has been reduced by over $1 billion below the President's request. I continue to believe that an active ballistic missile defense is needed. Despite agreements to reduce United States and Russian strategic weapons, the threat posed by intercontinental ballistic missiles has not disappeared; and, as the Persian Gulf conflict demonstrated, there is a growing ballistic missile capability in developing nations. For these reasons, I support the administration's request for funding SDI and theater ballistic missile defenses.

I also regret that, during the meeting of the full Appropriations Committee, language was added requiring U.S. military treatment facilities located overseas to provide abortions. The problems with this provision are many—foremost, I feel it is wrong, it is also unnecessary since it has already been added to the defense authorization bill, and it will certainly lead to a veto by the President.

Mr. Chairman, it is my hope that the bill will be improved by the time we have completed a conference with the Senate.

Mr. SMITH of New Jersey. Mr. Chairman, I want to thank the gentleman from Pennsylvania for so skillfully crafting a responsible piece of legislation for consideration by the House today.

I take this moment at this juncture in the debate simply to advise Members that language was added in Committee—over the objections of the chairman and ranking members—to force overseas military hospitals to provide abortion on demand.

It is our deep hope that this harmful, antichild provision be excised in conference. Obviously if that doesn't occur, pro-life Members will be compelled in conscience to vigorously oppose the conference report. Moreover, I am pleased to note that if this bill is presented to the President with any pro-abortion language in it, the President will veto the legislation.

I look forward to supporting a reasonable DOD appropriations bill that reflects today's challenges to the peace and security of Americans and other freedom loving peoples.

Ms. SNOWE. Mr. Chairman, as a Member of Congress and as a woman, I am appalled at the conduct of the Navy in conjunction with the 1991 Tailhook event. Because of the seriousness of this matter I want to express my strong support for the Appropriations Committee's decision to cut 10,000 personnel jobs from the Navy. I commend the committee for its bipartisan recognition of the abominable Tailhook incident that inflicted humiliation and suffering on 26 women—half of whom are Navy officers.

The behavior exhibited at the Tailhook convention was absolutely horrifying. Just as appalling, however, was the failure of the Navy to treat the women's complaints seriously and to respond in a timely fashion. Due to uncooperativeness and stonewalling by the Navy, it has already taken 9 months to conduct a wholly inadequate investigation.

The Federal Government has a responsibility to the Nation to set an example of professionalism and respect between men and women in the workplace. However, the number of U.S. servicemen participating in vulgar behavior and the pervasiveness of its acceptance from the bottom ranks to the upper echelons of the Navy created an atmosphere that allowed such conduct to take place entirely unquestioned.

Let me quote for just a moment from the Naval Inspector General's report on Tailhook:

The inappropriate sexual behavior in the Navy and Marine Corps squadron and unit sponsored suites at Tailhook '91 had been accepted, tolerated, and condoned over the years, making it now the norm for Tailhook gatherings.

And—

A common thread running through the overwhelming majority of interviews concerning Tailhook '91 was—"What's the big deal?" Those interviewed had no understanding that the activities in the suites fostered an atmosphere of sexual harassment, and that the actions which occurred in the corridor constituted at a minimum sexual harassment and in many cases criminal sexual assault. That atmosphere condoned, if not encouraged, the gang mentality which eventually led to the sexual assaults * * * There is every indication that nearly all participants made conscious decisions and were aware of their actions.

Members of Congress should know that the Tailhook convention has been similarly prob-

lematic in past years, yet as is clearly apparent, the inappropriate behavior was never corrected. Instead, implicit authorization of the behavior allowed for its repetition. But I assure you, this will no longer be the case.

The Appropriations Committee's bipartisan decision to cut 10,000 personnel out of disdain for the Tailhook incident puts teeth into its efforts to ensure that any potential for a repeat of this kind of incident will be stopped dead in its tracks. Whether in the public or private sector, perpetrators of harassment or discrimination must know that they will receive severe repercussions for their actions.

My colleagues, it is not enough that Navy Secretary Garrett resigns. There needs to be a full and complete investigation of this incident which is why Congresswoman PAT SCHROEDER and I, as co-chairs of the congressional caucus for women's issues, wrote a letter to Attorney General Barr to urge an investigation of the Tailhook convention by the Department of Justice. The women involved in this incident must receive justice.

Again, I commend the bipartisan efforts of the committee for sending a strong signal to the Navy that business as usual is unacceptable. From now on, we must assure anyone who participates in the armed services of the United States that they will be treated with dignity and respect regardless of their gender.

Mr. WEISS. Mr. Chairman, I rise in opposition to H.R. 5504, the fiscal year 1993 Defense appropriations bill.

While the nearly $253 billion appropriated by this legislation represents a reduction from the spending of previous years, the Department of Defense continues to be funded at cold war levels that bear little relation to our present international security needs.

There will be much talk about how much is being cut from this year's DOD budget and how much we have cut in recent years but that talk is irrelevant. Spending on the Defense Budget must not be based on what was spent last year, or how much was cut from 2 years ago. It must be based on a determination of the real security needs of our Nation.

If we look at the world in which we now live, we see that our cold war foe of the past five decades is no longer our enemy and is virtually disintegrating before our eyes. If we look inward at our own country we see a crumbling infrastructure, a failing educational system, and a languishing economy. It is clear to me where our threats lie. We must invest in the critical needs here at home and not in a military that faces nonexistent threats abroad.

A look at some of the programs receiving funding illustrates the misplaced priorities of this bill. The B–2 program which was killed by two separate Congresses, which continues to be bedeviled by a search for a mission, and which continues to suffer from disturbing questions about its capabilities, has been revived by this legislation we consider today. Surely, the Congress can find better uses for $4 billion than purchasing four new B–2 bombers.

This bill also appropriates $3.2 billion for the strategic defense initiative. Along with the nearly $1 billion spent on theater missile defense systems this legislation appropriates $4.3 billion for missile defense systems.

The reality that spawned SDI passed. There is no Soviet Union any longer. Furthermore, we are in serious discussions with Russia and the other successor States to reduce existing nuclear arsenals. The results of these efforts can be seen in the arms reduction treaty that emerged from the recent United States-Russian summit.

There also still remains a great many questions about the technical feasibility of SDI. There are serious doubts that the technology required to make this system function are beyond our ability to produce. Yet, even if these technical problems can be solved, the cost of deploying a functioning system would be astronomical. This country simply cannot afford the tens of billions of dollars that would be needed to put into place the strategic defense initiative.

There is one part of this bill, however, that I would like to call attention to, and to commend. The $1 billion appropriated for economic adjustment and conversion represents a significant development. For decades, this country has invested in the development of a powerful military while neglecting critical infrastructure and economic needs. The results of this neglect surround us. Now, however, we are presented with the opportunity to reorient our spending priorities and reinvest in America.

There is much more that we must do to create rational spending priorities and to assist in the conversion of the American economy from a defense to a civilian orientation, but I applaud the Congress for taking this important first step.

When the Congress meets to consider a defense budget it must look at the national security needs of the Nation. Sadly, this budget does not do this. It ignores the real threats and needs of the country while continuing to fund the military at a level comparable to that at the height of the cold war. Mr. Chairman, I must vote no on H.R. 5504.

Mr. ALEXANDER, Mr. Chairman, I rise in support of this bill which provides for the national security needs of our Nation.

This is a sound bill. It responds to current security needs and to anticipated future requirements.

I very much appreciate the work and leadership of the Defense Subcommittee chairman, the gentleman from Pennsylvania [Mr. MURTHA] and the subcommittee ranking minority member, the gentleman from Pennsylvania [Mr. MCDADE]. With the cooperation of the subcommittee members and the support of their able staff they have brought to the House a bill which should be adopted.

As with past defense bills, this one has a broad impact on the Nation's future. First and foremost, it provides for the defense of our Nation and our national interests. Second, through its investments in people, technology, procurement, and operations and maintenance in this country it helps stimulate our national economy.

Historically, we know that technology developed for security purposes commonly has spillover effects on nonmilitary private sector progress. The bottom line is that defense investments regularly benefit Americans working in both defense and nondefense industries.

There is one item in this bill that I particularly want to mention. The provision is section 9108. It prohibits the use of funds provided in the bill from being used to award a contract for purchase of 4-ton dolley jacks if that equipment would be manufactured outside the United States.

At the request of Arkansans working in a manufacturing plant in Jonesboro, I got involved in this issue last year. These are outstanding workers. They make an excellent product. The 4-ton dolley jacks are sold in the private sector and had been sold to military departments.

Suddenly they found their jobs threatened by a decision of the Department of Defense to manipulate U.S. laws in a way to deny the 4-ton dolley jack defense sales to American manufacturers and their workers.

A contract was awarded to an organization in Israel.

The decision did not make sense to Arkansas workers, and it did not make sense to me. Last year, with the help of this subcommittee, the Congress prohibited future such decisions relating to 4-ton dolley jacks.

With the passage of time, concerns of the Congress and the Arkansas workers proved resoundingly responsible. Despite repeated deadline extensions of provisions of the Israeli organizations contract, that group failed to achieve compliance with the first article testing requirements.

In a June 26 letter response to a Freedom of Information Act request, the Department of Army has advised that "The contract has been terminated for default without the first article test report ever having been completed."

The Arkansas workers and I very much appreciate the help that the Congress, and particularly the leadership that the House Appropriations Subcommittee on Defense and its staff have provided on this past contract. And, we thank you for recommending action which would prohibit a repeat of the kind of action that lead to this problem.

I would explain to my constituents that it takes more time to right a wrong in Washington than it does to make a cotton crop in Arkansas.

Again, I urge that the House promptly pass this bill.

Ms. SNOWE. Mr. Chairman, I would like to discuss the fiscal year 1993 funding level for the DDG–51 Aegis Destroyer program. I support funding for four destroyers rather than the three destroyers provided in the committee bill for two fundamental reasons: first, the DDG–51 program is vital to our Nation's security; and second, it is a very successful and cost-effective program.

In our eagerness to cut defense spending, we must not neglect our fundamental security needs. We must recognize that as our naval forces are reduced, the roles and missions assigned to Aegis ships are likely to expand. The technology in these ships will help maintain U.S. maritime superiority around the globe for the next 40 years. And let us not forget how convincingly and dramatically the value of state-of-the-art forces was demonstrated during the Persian Gulf war.

Surface combatants comprise the largest segment of our current and projected naval fleet—150 of the 450 ships in the Defense Department's base force. The *Arleigh Burke* class destroyer will replace several obsolete surface combatant classes in the fleet. In addi-

tion, it will do that with greatly expanded capabilities, including the ability to simultaneously perform anti-air, anti-surface, anti-submarine, and strike missions. The efficiency of the Burke class is exactly the kind of direction we need to be going in as we downsize our fleet.

With respect to cost-effectiveness, the lead ship in the DDG–51 program, the USS *Arleigh Burke*, which was manufactured by Bath Iron Works in the State of Maine, was delivered below the Navy's lead ship cost goal.

And just what did the Navy get for that below cost ship? Assistant Navy Secretary Gerald Cann commented that: "The *Arleigh Burke*'s performance during post-delivery tests and trials was spectacular. She completed the most rigorous testing yet undertaken in the Aegis shipbuilding program."

Mr. Chairman, last year Congress and the President supported procurement of five Aegis destroyers. The same number was procured in fiscal year 1990 and in fiscal year 1989. The Navy requested only four ships this year. That is a significant reduction in the program, but a practical one given our budget constraints.

The Appropriations Committee however, chose to fund only three ships. There is no question that dropping from a five-ship procurement in 1 year to a three-ship procurement in the very next year represents an abrupt change. The unavoidable fiscal impact of that abrupt change will be to significantly increase the end costs of this ship program which had heretofore been so cost-effective.

The impact of this abrupt reduction in the destroyer program is likely to be cost increases of at least 10 percent per ship. That unit cost increase on a three-ship procurement would total more than $250 million. If it is the will of this body to reduce the destroyer program, and I hope that it is not, then the sensible and cost-effective way to do it would be to go to a four-ship procurement this year, and to smaller quantities if appropriate in future years.

I wish that the Appropriations Committee had supported the DDG–51 request of the President, supported what our top naval strategists say that we need, and supported the view taken by the Armed Services Committee and the full House when it approved the Defense authorization bill less than 1 month ago. The President, the Navy, and the House all supported funding of four destroyers in fiscal year 1993. It is my strong hope that the final product coming out of conference will include that funding level.

Mr. LEWIS of Florida. Mr. Chairman, I rise in strong support of the full funding of $175 million contained in this bill for the National Aerospace Plane, or NASP Program.

First, I would like to congratulate the chairman of the subcommittee, Mr. MURTHA, and the ranking member, Mr. MCDADE, for their strong support of this program.

Last year, despite defense cutbacks, the United States had a $30 billion trade surplus in aerospace, the largest of any industry. This trade surplus resulted in total economic output of $70 billion and well over 1 million jobs, and is a direct result in investment in aerospace and aviation research in decades past.

NASP is absolutely crucial to maintaining our leadership in this vital area. It has already led to important breakthroughs in materials, propulsion, aerodynamics, and computer fluid dynamics, to mention but a few. These would not have occurred without the NASP, and the likelihood of future breakthroughs will be severely limited if this program is canceled.

There is no doubt the technology for a single-stage-to-orbit, air-breathing vehicle is within reach, as evidenced by the fact that the Japanese, French, British, Germans, and former Soviet Union all have programs. In fact, the Russians recently successfully tested a hypersonic scramjet engine, which is the same type being planned for NASP.

Although the Russian effort brings the exciting possibility of the United States having the opportunity to buy this technology from the Russians, it also raises the disturbing scenario of another nation, such as Japan, acquiring this technology, and overtaking a suddenly dormant U.S. technological effort.

Many of us have supported this program for a significant amount of time, and strongly believe cancellation would deal a severe blow to America's competitiveness, and cause the loss of hundreds of thousands of jobs.

Again, I congratulate the committee, and I urge my colleagues to support the full funding for the National Aerospace Plane which this bill contains.

Mr. FAZIO. Mr. Chairman, I rise in support of H.R. 5504, and I want to commend Chairman MURTHA, our colleague from Pennsylvania Mr. MCDADE, all the subcommittee members, as well as the staff for the outstanding job they have done in putting this bill together.

Mr. Chairman, the Defense Subcommittee has once again brought to this floor a bill that is good to our military personnel, good to our national security, and good to our country. It maintains a strong national defense while also doing its part to address the serious fiscal problems facing our country. H.R. 5504 is $8.5 billion below the President's request. It is $17.5 billion below the current year spending level. And the bill is nearly $4 billion below the level authorized by the budget resolution.

There are particular provisions of the bill which I think are very important to continuing our commitment to improving the quality of life for military families. Chairman MURTHA has been at the forefront in ensuring that military personnel and their families receive the services and support they need. The fiscal year 1993 Defense appropriations bill takes important steps in improving health care services for military families.

First, the committee has insisted that the level of services under CHAMPUS not be reduced. Chairman MURTHA, in particular, has been very adamant in ensuring that CHAMPUS deductibles are not increased, and that negative incentives for CHAMPUS enrollment are not used. Second, the committee has taken steps to expand dental coverage for military dependents. With the cooperation of the Defense Department, this expanded coverage could be in place by as early as April 1993.

I commend highly the gentlemen from Pennsylvania, Chairman MURTHA, for his stalwart support of our military personnel. If for no other reason, this bill deserves our support for the emphasis it has placed on quality of life issues for military personnel.

On a more local level, H.R. 5504 also provides $10 million to purchase the initial outfitting equipment needed to furnish a modern state-of-the-industry plating shop that will be constructed at McClellan Air Force Base in the coming year. The plating shop has received authorization and appropriation in the House-passed versions of the fiscal year 1993 military construction budget. It is important that the outfitting equipment also be funded in the fiscal year 1993 timeframe to ensure that McClellan can fully utilize the new facility as soon as possible.

H.R. 5504 also takes care of the California National Guard by providing $1.2 million in real property maintenance funds for various armory maintenance projects in California. This funding is important to improving Guard facilities throughout the State, such as fixing leaking roofs and repairing electrical damage. The California National Guard continues to play an important role in our national defense as well as in providing critical emergency services most recently demonstrated in the Los Angeles riots and southern California earthquakes.

Mr. Chairman, I also want to discuss briefly a very important issue addressed by this bill, and that issue deals with providing military personnel access to safe abortion services overseas. Since mid-1988, the Department of Defense has prohibited military personnel and their dependents from privately paying for abortions in overseas DOD facilities, even if there are no clinically safe private facilities available in the country in which they are stationed. This policy places in grave danger the life, health, and welfare of millions of American women who are dependent on the military health care system, which was expressly established for the purposes of meeting all the health care needs of DOD personnel overseas. Consequently, the gentleman from Oregon, Mr. AUCOIN, the gentleman from Rhode Island, Mr. MACHTLEY, and I have introduced a provision in the bill which will ensure that women in the military, or female dependents of service personnel stationed overseas, have access to complete reproductive health services.

This provision gives our women in the armed services, as well as female dependents of those serving in the military, access to the quality medical care that they deserve. It does not, however, in any way require the Federal Government to pay for abortions and in no way affects the so-called Hyde amendment, which prohibits the use of DOD funds to pay for abortions except where the life of the mother would be endangered. The AuCoin-Machtley-Fazio provision gives those women who serve our country overseas and rely on the Federal Government for their health care the same rights that the rest of us have, so long as they are willing to pay for them.

In closing, Mr. Chairman, I would just like to express again my strong support for H.R. 5504. I congratulate the committee and its staff for a job well done, and urge my colleagues to support the bill.

Mrs. LLOYD. Mr. Chairman, I rise in support of H.R. 5504, the Department of Defense Appropriations for fiscal year 1993. I also wish to commend the efforts of both the gentlemen from Pennsylvania, Chairman MURTHA and ranking minority member MCDADE. Once again, they have done an outstanding job with an always difficult bill.

I am pleased to see that, for the most part, H.R. 5504 complements the recently passed Department of Defense authorization bill produced by the Armed Services Committee. Both bills take into account the dramatic changes that have taken place over the past few years as well as tightening fiscal restraints.

Mr. Speaker, it is not an easy task sorting through all the important projects in the Department of Defense. Each one has its merits. It becomes an issue of prioritizing according to need and cost, while at the same time enhancing our national security posture. In the new era, we need to get more for less. H.R. 5504 does just that. It falls below both the Budget Committee allocations and the administrations request but never sacrifices our defense readiness or personnel.

There are a host of amendments to H.R. 5504 which would weaken the bill. I urge my colleagues to think carefully about each one before casting your vote. While peace is at hand, unrest does exist in many places throughout the world. Let us not cut haphazardly or foolishly.

I urge adoption of H.R. 5504 in its present form.

Ms. SNOWE. Mr. Chairman, I would like to express my sincere appreciation for the work done by the Subcommittee on Defense Appropriations on a matter of great importance to northern Maine.

Since 1980, the Federal Aviation Administration has identified the need to provide substantially improved radar coverage for the northern Maine region. This vast region—almost as large as the State of Massachusetts—includes five aviation centers, including the Northern Maine Regional Airport in Presque Isle. Fortunately, Loring Air Force Base in Limestone, ME, has been able to offset the radar shortfall, and the region has enjoyed adequate coverage. But Loring will close in 1994, and this closure has serious implications for the future of radar coverage in northern Maine.

To ensure that northern Maine does not lose any coverage when Loring closes, the Maine congressional delegation has requested that the FAA construct a new long-range radar facility for northern Maine. We expect that the FAA will include this item in its fiscal year 1994 budget request, and we have been in contact with the Transportation Appropriations Subcommittee to inform the members of this important project.

Unfortunately, this long-range installation will not be operational for 2 years, leaving at least a 2-year gap in radar coverage between the new installation's operation and Loring's closure. Something must be done in the interim, and this is where the Defense Appropriations Subcommittee and the members of the full committee have been of such great assistance to me and to the people of Maine.

Earlier this year, I contacted the subcommittee with a proposal to keep the radar equipment at Loring in place and operating until the new FAA facility becomes operational. The chairman, the ranking minority member, and their staffs cooperated fully, offering to include report language which directs the Air Force, in association with the FAA, to maintain its radar facilities at Loring so that adequate coverage can be provided to northern Maine during the interim period. The language was subsequently approved by the subcommittee and the full Appropriations Committee.

Inclusion of this report language is the first step toward resolving a very serious problem. Without adequate radar, commercial air service might decline, further hampering economic development in a region that will find the going tough in the wake of Loring's closure. But the Defense Subcommittee and the full committee have acted on a reasonable request to prevent this from happening. And the people of northern Maine are very grateful.

Ms. PELOSI. Mr. Chairman, I strongly support the provision in the Department of Defense [DOD] appropriations bill overturning the 1988 administrative policy prohibiting overseas military medical facilities from offering abortion services to service personnel and their dependents. Women who are overseas in service to their country must be allowed the same rights and health options available to them in the United States.

Mr. Chairman, this week the Supreme Court ruled on Planned Parenthood of Southeastern Pennsylvania versus Casey permitting States to restrict access to abortion services. They held that women are still guaranteed reproductive choice and right to privacy under the Constitution. Yet the Department of Defense, through an administrative policy, not a law, has been able to deny women their right since 1988. Overturning this administrative policy does not, in any way, expand the laws regulating women's reproductive rights; it merely provides women who are overseas with the U.S. Government their constitutional right.

The Supreme Court held that restrictions on abortion services are permitted and lawful unless the restriction places an "undue burden" on the woman. I do not know how anyone can deny that having to travel to another country or even back to the United States to have access to an abortion service is not an undue burden.

I urge my colleagues to support the overturning of this provision and allow all American women their guaranteed right.

Mr. MURTHA. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendments printed in House Report 102-647 and any amendments thereto shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent of the amendment.

□ 1120

The Clerk will read.

The Clerk read as follows:

H.R. 5504

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1993, for military functions administered by the Department of Defense, and for other purposes, namely:

TITLE I

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; $23,153,900,000.

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; $19,529,200,000.

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; $6,113,200,000.

MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for oganizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), to section 229(b) of the Social Security Act (42 U.S.C. 429(b)), and to the Department of Defense Military Retirement Fund; $18,663,400,000.

RESERVE PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army Reserve on active duty under sections 265, 3021, and 3038 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; $2,187,700,000.

RESERVE PERSONNEL, NAVY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Navy Reserve on active duty under section 265 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; $1,679,000,000.

RESERVE PERSONNEL, MARINE CORPS

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Marine Corps Reserve on active duty under section 265 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Marine Corps platoon leaders class, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; $349,900,000.

RESERVE PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air Force Reserve on active duty under sections 265, 8021, and 8038 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Air Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; $735,200,000.

NATIONAL GUARD PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army National Guard while on duty under section 265, 3021, or 3496 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 672(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; $3,293,400,000.

NATIONAL GUARD PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air National Guard on duty under section 265, 8021, or 8496 of title 10 or section 708 of title 32, United States Code, or while serving on duty under section 672(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; and for payments to the Department of Defense Military Retirement Fund; $1,191,300,000.

TITLE II

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Army, as authorized by law; and not to exceed $14,437,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes; $12,909,166,000: *Provided*, That $450,000 shall be made available only for the 1993 Memorial Day Celebration and $450,000 shall be made available only for the 1993 Capitol Fourth Project.

OPERATION AND MAINTENANCE, NAVY

(INCLUDING TRANSFER OF FUNDS)

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Navy and the Marine Corps, as authorized by law; and not to exceed $5,005,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Navy, and payments may be made on his certificate of necessity for confidential military purposes; $19,272,649,000 of which $206,600,000 shall be available only for transfer to the United States Coast Guard, of which $142,100,000 shall be available for "Operating Expenses", $18,000,000 shall be available for "Acquisition, Construction, and Improvements", and $46,500,000 shall be available for "Reserve Training": *Provided*, That from the amounts of this appropriation for the alteration, overhaul and repair of naval vessels and aircraft, funds shall be available to acquire the alteration, overhaul and repair by competition between public and private shipyards, Naval Aviation Depots and private companies. The Navy shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private shipyards, Naval Aviation Depots, and private companies. Competitions shall not be subject to section 2461 or 2464 of title 10, United States Code, or to Office of Management and Budget Circular A–76. Naval Aviation Depots may perform manufacturing in order to compete for production contracts: *Provided further*, That funds appropriated or made available in this Act shall be obligated and expended to restore and maintain the facilities, activities and personnel levels, including specifically the medical facilities, activities and personnel levels, at the Memphis Naval Complex, Millington, Tennessee, to the fiscal year 1984 levels: *Provided further*, That of the funds appropriated in this paragraph, $1,001,155,000 shall not be obligated or expended until authorized by law.

OPERATION AND MAINTENANCE, MARINE CORPS

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Marine Corps, as authorized by law; $1,431,700,000: *Provided*, That none of the funds appropriated in this paragraph may be used for the conversion of facilities maintenance, utilities, and motor transport functions at Cherry Point Marine Corps Air Station, North Carolina, to performance by private contractor under the procedures and requirements of OMB Circular A–76 until the General Accounting Office completes their audit and validates the decision.

OPERATION AND MAINTENANCE, AIR FORCE

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Air Force, as authorized by law; and not to exceed $8,912,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes; $16,141,190,000: *Provided*, That $15,500,000 shall be used only to operate, maintain and enhance the Tactical Interim CAMS and REMIS Reporting System (TICARRS): *Provided further*, That TICARRS be maintained, with direct maintenance data input, as the supporting system for the F–117A aircraft: *Provided further*, That TICARRS be reestablished, with direct maintenance data input, as the supporting system for all F–15 and F–16 aircraft by no later than 45 days after enactment of this Act: *Provided further*, That of the funds appropriated in this paragraph, $704,056,000 shall not be obligated or expended until authorized by law.

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

For expenses, not otherwise provided for, necessary for the operation and maintenance of activities and agencies of the Department of Defense (other than the military departments), as authorized by law; $9,473,310,000, of which not to exceed $25,000,000 may be available for the CINC initiative fund account; and of which not to exceed $16,560,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense, and payments may be made on his certificate of necessity for confidential military purposes: *Provided*, That of the funds appropriated by this paragraph, $845,110,000 shall be made available only for the Special Operations Command.

OPERATION AND MAINTENANCE, ARMY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Army Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; $1,033,842,000: *Provided*, That of the funds appropriated in this paragraph, $42,623,000 shall not be obligated or expended until authorized by law.

OPERATION AND MAINTENANCE, NAVY RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Navy Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; $844,049,000.

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Marine Corps Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; $76,592,000: *Provided*, That of the funds appropriated in this paragraph, $642,000 shall not be obligated or expended until authorized by law.

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Air Force Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; $1,209,312,000.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

For expenses of training, organizing, and administering the Army National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; hire of passenger motor vehicles; personnel services in the National Guard Bureau; travel expenses (other than mileage), as authorized by law for Army personnel on active duty, for Army National Guard division, regimental, and battalion commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; supplying and equipping the Army National Guard as authorized by law; and expenses of repair, modification, maintenance, and issue of supplies and equipment (including aircraft); $2,218,580,000: *Provided*, That of the funds appropriated in this paragraph, $1,880,000 shall not be obligated or expended until authorized by law.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

For operation and maintenance of the Air National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, repair, and other necessary expenses of facilities for the training and administration of the Air National Guard, including repair of facilities, maintenance, operation, and modification of aircraft; transportation of things; hire of passenger motor vehicles; supplies, materials, and equipment, as authorized by law for the Air National Guard; and expenses incident to the maintenance and use of supplies, materials, and equipment, including such as may be furnished from stocks under the control of agencies of the Department of Defense; travel expenses (other than mileage) on the same basis as authorized by law for Air National Guard personnel on active Federal duty, for Air National Guard commanders while inspecting units in compliance with National Guard Bureau regulations when specifically authorized by the Chief, National Guard Bureau; $2,535,250,000.

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

For the necessary expenses and personnel services (other than pay and non-travel-related allowances of members of the Armed Forces of the United States, except for members of the reserve components thereof called or ordered to active duty to provide support for the national matches) in accordance with law, for operation and maintenance of rifle ranges; the instruction of citizens in marksmanship; the promotion of rifle practice; the conduct of the national matches; the sale of ammunition under the authority of title 10, United States Code, sections 4308 and 4311; the travel of rifle teams, military personnel, and individuals attending regional, national, and international competitions; and the payment to competitors at national matches under section 4312 of title 10, United States Code, of subsistence and travel allowances under section 4313 of title 10, United States Code; not to exceed $2,700,000.

COURT OF MILITARY APPEALS, DEFENSE

For salaries and expenses necessary for the United States Court of Military Appeals; $5,900,000, of which not to exceed $2,500 can be used for official representation purposes.

ENVIRONMENTAL RESTORATION, DEFENSE

(INCLUDING TRANSFER OF FUNDS)

For the Department of Defense; $901,200,000, to remain available until transferred: *Provided*, That the Secretary of Defense shall, upon determining that such funds are required for environmental restoration, reduction and recycling of hazardous waste, research and development associated with hazardous wastes and removal of unsafe buildings and debris of the Department of Defense, or for similar purposes (including programs and operations at sites formerly used by the Department of Defense), transfer the funds made available by this appropriation to other appropriations made available to the Department of Defense as the Secretary may designate, to be merged with and to be available for the same purposes and for the same time period as the appropriations of funds to which transferred: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: *Provided further*, That if an entity to which property is transferred is a State or political subdivision of a State, the United States shall hold harmless, defend and indemnify such entity from and against all claims, demands, losses, damages, liens, liabilities, injuries, deaths, penalties, fines, lawsuits and other proceedings, judgments, awards and costs and expenses arising out of, or in any manner predicated upon, the presence, release or threatened release of any hazardous substance, pollutant or contaminant resulting from the activities of the Department of Defense: *Provided further*, That this provision shall not apply to the presence, release, or threatened release of any hazardous substance, pollutant, or contaminant brought onto the property by or on behalf of any parties other than the United States Government: *Provided further*, That the terms "hazardous substance" shall include petroleum, including crude oil; natural gas, liquified natural gas; and asbestos.

HUMANITARIAN ASSISTANCE

For transportation for humanitarian relief for refugees of Afghanistan, acquisition and shipment of transportation assets to assist in the distribution of such relief, and for transportation and distribution of humanitarian and excess nonlethal supplies for worldwide humanitarian relief, as authorized by law; $15,000,000, to remain available for obligation until September 30, 1994: *Provided*, That the Department of Defense shall notify the Committees on Appropriations and Armed Services of the Senate and House of Representatives 15 days prior to the shipment of humanitarian relief which is intended to be transported and distributed to countries not previously authorized by Congress: *Provided further*, That of the funds appropriated in this paragraph, $2,000,000 shall not be obligated or expended until authorized by law.

WORLD UNIVERSITY GAMES

For logistical support and personnel services including initial planning for security needs (other than pay and nontravel related allowances of members of the Armed Forces of the United States, except for members of the reserve components thereof called or ordered to active duty to provide support for the World University Games) provided by any component of the Department of Defense to the World University Games; $6,000,000.

SUMMER OLYMPICS

For logistical support and personnel services (other than pay and nontravel related allowances of members of the Armed Forces of the United States, except for members of the reserve components thereof called or ordered to active duty to provide support for the 1996 Games of the XXVI Olympiad to be held in Atlanta, Georgia) provided by any component of the Department of Defense to the 1996 Games of the XXVI Olympiad; $2,000,000.

WORLD CUP USA 1994

For logistical support and personnel services (other than pay and nontravel related allowances of members of the Armed Forces of the United States, except for members of the reserve components thereof called or ordered to active duty to provide support for the World Cup USA 1994 Organizing Committee) provided by any component of the Department of Defense to the World Cup USA 1994 Organizing Committee; $9,000,000: *Provided*, That funds appropriated in this paragraph shall not be obligated or expended until authorized by law.

REAL PROPERTY MAINTENANCE, DEFENSE

For the maintenance of real property of the Department of Defense under this title of this Act, as follows:

Army, $1,056,798,000;
Navy, $878,556,000;
Marine Corps, $237,300,000;
Air Force, $958,176,000;
Defense Agencies, $125,038,000;
Army Reserve, $63,358,000;
Navy Reserve, $63,523,000;
Marine Corps Reserve, $3,408,000;
Air Force Reserve, $38,011,000;
Army National Guard, $105,320,000;
Air National Guard, $93,274,000;

In all: $3,622,762,000, of which $1,965,229,000 shall remain available for obligation until September 30, 1994.

TITLE III

PROCUREMENT

AIRCRAFT PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; $1,414,659,000, to remain available for obligation until September 30, 1995.

MISSILE PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and

such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; $1,139,004,000, to remain available for obligation until September 30, 1995: *Provided*, That of the funds appropriated in this paragraph, $55,894,000 shall not be obligated or expended until authorized by law.

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY

For construction, procurement, production, and modification of weapons and tracked combat vehicles, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; $807,989,000, to remain available for obligation until September 30, 1995: *Provided*, That of the funds appropriated in this paragraph, $71,348,000 shall not be obligated or expended until authorized by law.

PROCUREMENT OF AMMUNITION, ARMY

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities authorized by section 2854, title 10, United States Code, and the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; $1,175,433,000, to remain available for obligation until September 30, 1995: *Provided*, That of the funds appropriated in this paragraph, $235,426,000 shall not be obligated or expended until authorized by law.

OTHER PROCUREMENT, ARMY

For construction, procurement, production, and modification of vehicles, including tactical, support, and nontracked combat vehicles; the purchase of not to exceed 38 passenger motor vehicles for replacement only; communications and electronic equipment; other support equipment; spare parts, ordnance, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; $3,022,667,000, to remain available for obligation until September 30, 1995.

AIRCRAFT PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; $6,638,127,000, to remain available for obligation until September 30, 1995: *Provided*, That of the funds appropriated in this paragraph, $285,960,000 shall not be obligated or expended until authorized by law.

WEAPONS PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, other ordnance and ammunition, and related support equipment including spare parts, and accessories therefor; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; $3,337,482,000, to remain available for obligation until September 30, 1995.

SHIPBUILDING AND CONVERSION, NAVY

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title, as follows:

Carrier replacement program, $832,200,000;

Refueling overhauls, $37,239,000;

DDG–51 destroyer program, $705,262,000: and an additional amount of $1,900,000,000 to be derived by transfer from the Defense Business Operations Fund;

LHD–1 amphibious assault ship program, $1,205,000,000;

LSD–41 cargo variant ship program, $300,000,000;

MHC coastal mine hunter program, $246,205,000;

AOE combat support ship program, $300,000,000;

Oceanographic ship program, $109,500,000;

Sealift ship program, $801,400,000;

For cost growth on prior years programs, $195,000,000: *Provided*, That notwithstanding any other provision of law or regulation, the Secretary of the Navy is authorized and directed to increase the price of the T–AGS 39 and 40 contract and shall pay to the contractor which built and delivered T–AGS 39 and 40 the amount of $50,000,000. Such payment shall be made upon the contractor's execution of a release discharging the Government, its officers, agents and employees from any additional liability arising under or relating to the contract for T–AGS 39 and 40, and upon the contractor's agreement to dismiss with prejudice the pending action in the United States Claims Court: *Provided further*, That $15,000,000 is available for settlement of claims associated with conversion of T–ACS 7 and T–ACS 8: *Provided further*, That $130,000,000 is available for transfer to the following programs in the amounts specified: 1987/1991 T–AO fleet oiler program, $23,000,000; 1988/1992 T–AO fleet oiler program, $19,000,000; 1988/1992 LSD–41 cargo variant program, $27,000,000; 1990/1994 LSD–41 cargo variant program, $31,000,000; 1991/1995 LSD–41 cargo variant program, $30,000,000;

For craft, outfitting, post delivery, and first destination transportation, $781,425,000;

In all: $5,513,231,000, and $1,900,000,000 to be derived by transfer, to remain available for obligation until September 30, 1997: *Provided*, That additional obligations may be incurred after September 30, 1997, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction: *Provided further*, That none of the funds herein provided for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: *Provided further*, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards: *Provided further*, That the transfer authority provided in this paragraph is in addition to any transfer authority contained elsewhere in this Act.

OTHER PROCUREMENT, NAVY

For procurement, production, and modernization of support equipment and materials not otherwise provided for, Navy ordnance (except ordnance for new aircraft, new ships, and ships authorized for conversion); the purchase of not to exceed 602 passenger motor vehicles of which 574 shall be for replacement only; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; $5,774,446,000, to remain available for obligation until September 30, 1995, of which $61,546,000 shall be available only for the procurement of the AN/SSQ–77B sonobuoy and $9,678,000 shall be available only for sonobuoy support: *Provided*, That of the funds appropriated in this paragraph, $15,570,000 shall not be obligated or expended until authorized by law: *Provided further*, That funds appropriated in this paragraph for procurement of the Enhanced Modular Signal Processor may be obligated for such procurement under a multiyear contract, in accordance with the requirements of section 9013 of this Act.

PROCUREMENT, MARINE CORPS

For expenses necessary for the procurement, manufacture, and modification of missiles, armament, ammunition, military equipment, spare parts, and accessories therefor; plant equipment, appliances, and machine tools, and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; vehicles for the Marine Corps, including the purchase of not to exceed 46 passenger motor vehicles for replacement only; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired and construction prosecuted thereon prior to approval of title; $792,128,000, to remain available for obligation until September 30, 1995.

AIRCRAFT PROCUREMENT, AIR FORCE

For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; $9,427,005,000, to remain available for obligation until September 30, 1995.

MISSILE PROCUREMENT, AIR FORCE

For construction, procurement, and modification of missiles, spacecraft, rockets, and related equipment, including spare parts and accessories therefor, ground handling equipment, and training devices; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; $4,327,902,000, to remain available for obligation until September 30, 1995: *Provided*, That not less than $120,000,000 of the funds appropriated in this paragraph shall be made available only for reimbursement of development costs associated with the Solid Rocket Motor Upgrade.

OTHER PROCUREMENT, AIR FORCE

For procurement and modification of equipment (including ground guidance and electronic control equipment, and ground electronic and communication equipment), and supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of not to exceed 611 passenger motor vehicles of which 425 shall be for replacement only; and expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon, prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; $7,640,888,000, to remain available for obligation until September 30, 1995.

NATIONAL GUARD AND RESERVE EQUIPMENT

For procurement of aircraft, missiles, tracked combat vehicles, ammunition, other weapons, and other procurement for the reserve components of the Armed Forces; $1,132,150,000, to remain available for obligation until September 30, 1995: *Provided*, That of the funds appropriated in this paragraph, $496,350,000 shall not be obligated or expended until authorized by law.

PROCUREMENT, DEFENSE AGENCIES

For expenses of activities and agencies of the Department of Defense (other than the military departments) necessary for procurement, production, and modification of equipment, supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of not to exceed 565 passenger motor vehicles, of which 554 shall be for replacement only; expansion of public and private plants, equipment, and installation thereof in such plants, erection of structures, and acquisition of land for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title; reserve plant and Government and contractor-owned equipment layaway; $1,575,178,000, of which $709,959,000 shall be available only for the Special Operations Command, to remain available for obligation until September 30, 1995.

DEFENSE PRODUCTION ACT PURCHASES

For purchases or commitments to purchase metals, minerals, or other materials by the Department of Defense pursuant to section 303 of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2093); $25,000,000, to remain available until expended: *Provided*, That none of these funds shall be obligated for any metal, mineral, or material, unless a Presidential determination has been made in accordance with the Defense Production Act: *Provided further*, That the Department of Defense shall notify the Committees on Appropriations of the House of Representatives and the Senate thirty days prior to the release of funds for any metal, mineral, or material not previously approved by Congress: *Provided further*, That funds appropriated in this paragraph shall not be obligated or expended until authorized by law.

TITLE IV

RESEARCH, DEVELOPMENT, TEST AND EVALUATION

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $5,962,532,000, to remain available for obligation until September 30, 1994: *Provided*, That $2,000,000 shall be made available only for the Center for Prostate Disease Research at the Walter Reed Army Institute of Research: *Provided further*, That $3,000,000 shall be made available only for synaptic transmission research: *Provided further*, That of the funds appropriated in this paragraph, $481,399,000 shall not be obligated or expended until authorized by law.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $9,315,969,000, to remain available for obligation until September 30, 1994: *Provided*, That for continued research and development programs at the National Center for Physical Acoustics, centering on ocean acoustics as it applies to advanced antisubmarine warfare acoustics issues with focus on ocean bottom acoustics, seismic coupling, sea-surface and bottom scattering, oceanic ambient noise, underwater sound propagation, bubble related ambient noise, acoustically active surfaces, machinery noise, propagation physics, solid state acoustics, electrorheological fluids, transducer development, ultrasonic sensors, and other such projects as may be agreed upon, $1,000,000 shall be made available, as a grant, to the Mississippi Resource Development Corporation, of which not to exceed $250,000 of such sum may be used to provide such special equipment as may be required for particular projects: *Provided further*, That of the funds appropriated in this paragraph, $193,408,000 is available only for the Ship Self-Defense program which may be obligated only if it (a) has a single program manager who is fully responsible and accountable for its execution as his or her sole duty on a full time basis, (b) finances an at-sea test which includes one or more amphibious assault ships, (c) is certified by the Secretary of Defense to the Armed Services and Appropriations Committees of Congress as being fully funded to meet a fiscal year 1997 initial operational capability date with the goal of providing ship self-defense capability rather than area air defense capability, to include a fully functioning, cooperating, and contributing air link on E–2C and AWACS aircraft, (d) is further certified by the Secretary of Defense that it will be deployed first to those ships which in 1997 will have the least capability to defend themselves from sea-skimming anti-ship cruise missile attack and which have the highest likelihood of being deployed in high threat environments, particularly amphibious ships, (e) is further certified by the Secretary to be under the active formal oversight of one or more officials within the Office of the Secretary of Defense on at least a quarterly basis, (f) includes funding to conduct a rigorous engineering systems analysis leading to a technical architecture which is fully compatible with Army and Air Force theater systems, and (g) incorporates a Quick Reaction Combat Capability which includes ruggedized commercial color Naval Tactical Data System consoles which are competitively procured: *Provided further*, That none of the funds appropriated in this paragraph or in Title IV of Public Law 102–172 may be obligated or expended to develop or purchase equipment for an Aegis destroyer variant (commonly known as "DDV") whose initial operating capability is budgeted to be achieved prior to the initial operating capability of the Ship Self-Defense program, nor to develop sensor or processor capabilities which duplicate in any way those being developed in the Ship Self-Defense program: *Provided further*, That of the funds appropriated in this paragraph, $513,673,000 shall not be obligated or expended until authorized by law.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE

For expenses necessary for basic and applied scientific research, development, test and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $13,731,603,000, to remain available for obligation until September 30, 1994: *Provided*, That not less than $2,000,000 of the funds appropriated in this paragraph shall be made available only for continuing the research program on development of coal-based, high thermal stability and endothermic jet fuels, including exploratory studies on direct conversion of coal to thermally stable jet fuels: *Provided further*, That not less than $6,500,000 of the funds appropriated in this paragraph shall be made available only for the Joint Seismic Program administered by the Incorporated Research Institutions for Seismology: *Provided further*, That not less than $45,000,000 of the funds appropriated in this paragraph shall be made available only for the National Center for Manufacturing Sciences (NCMS), of which not less than $5,000,000 is available only for the National Center for Tooling and Precision Components (NCTPC): *Provided further*, That none of the funds appropriated in this paragraph may be used to procure or develop Air Force-

unique automatic test equipment other than to adapt the Army's Integrated Family of Test Equipment (IFTE) or Navy's Consolidated Automated Support System (CASS) to meet Air Force requirements: *Provided further*, That of the funds appropriated in this paragraph, $160,300,000 is available only for the Cheyenne Mountain Upgrade program which may be obligated only if the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence has directed the Air Force to conduct a comprehensive overall system architecture for use in the Defense Acquisition Board oversight process and for implementation in contracts for the program: *Provided further*, That not less than $123,852,000 of the funds appropriated in this paragraph shall be made available only for the Space Nuclear Thermal Propulsion Program.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE AGENCIES

For expenses of activities and agencies of the Department of Defense (other than the military departments), necessary for basic and applied scientific research, development, test and evaluation; advanced research projects as may be designated and determined by the Secretary of Defense, pursuant to law; maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $9,510,354,000, to remain available for obligation until September 30, 1994, of which $274,459,000 shall be available only for the Special Operations Command: *Provided*, That not less than $135,000,000 of the funds appropriated in this paragraph are available only for the Extended Range Interceptor (ERINT) missile: *Provided further*, That not less than $12,000,000 of the funds appropriated in this paragraph shall be available only for an Experimental Program to Stimulate Competitive Research (EPSCOR) in the Department of Defense which shall include all States eligible as of the date of enactment of this Act for the National Science Foundation Experimental Program to Stimulate Competitive Research: *Provided further*, That none of the funds in this paragraph may be obligated for the development of the Superconductive Magnetic Energy Storage system unless its processes, materials, and components are substantially manufactured in the United States.

DEVELOPMENTAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, of independent activities of the Deputy Director of Defense Research and Engineering (Test and Evaluation) in the direction and supervision of developmental test and evaluation, including performance and joint developmental testing and evaluation; and administrative expenses in connection therewith; $261,707,000, to remain available for obligation until September 30, 1994.

OPERATIONAL TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, necessary for the independent activities of the Director, Operational Test and Evaluation in the direction and supervision of operational test and evaluation, including initial operational test and evaluation which is conducted prior to, and in support of, production decisions; joint operational testing and evaluation; and administrative expenses in connection therewith; $12,983,000, to remain available for obligation until September 30, 1994.

TITLE V

REVOLVING AND MANAGEMENT FUNDS

DEFENSE BUSINESS OPERATIONS FUND

For the Defense Business Operations Fund; $16,600,000.

TITLE VI

OTHER DEPARTMENT OF DEFENSE PROGRAMS

DEFENSE HEALTH PROGRAM

For expenses, not otherwise provided for, for medical and health care programs of the Department of Defense, as authorized by law; $9,302,675,000, of which $9,003,026,000 shall be for Operation and maintenance, of which $92,251,000 shall be for real property maintenance; and $299,649,000, to remain available for obligation until September 30, 1995, shall be for Procurement: *Provided*, That not to exceed $40,000,000 of available funds shall be provided to the Uniformed Services Treatment Facilities program to be used only to fulfill any recoupment action of the Health Care Financing Administration for health care provided to eligible retired Department of Defense beneficiaries over age 65 between October 1, 1986, and December 31, 1989: *Provided further*, That none of the funds available to the Department of Defense shall be obligated or expended to operate, maintain and pay the salaries or expenses of those eight individuals in the immediate Office of the Assistant Secretary of Defense for Health Affairs or the merit pay attorney advisor in the Office of the General Counsel, Personnel and Health Policy, who currently provides advice to the Office of the Assistant Secretary of Defense for Health Affairs: *Provided further*, That the Department shall competitively contract for and begin to test implementation of a mail service pharmacy benefit in fiscal year 1993 in two regions of the United States: *Provided further*, That of the funds appropriated in this Act, $150,000 shall be used only for the implementation of a cooperative program model at Madigan Medical Center for severely behavior disordered students: *Provided further*, That notwithstanding any other provision of law or regulation, there will be no requirement for the Secretary of Defense or any other government official to certify that the CHAMPUS Reform Initiative is the most cost effective method of providing health care in any specific location before it can be implemented: *Provided further*, That notwithstanding any other provision of law, the Department shall competitively award an at-risk contract for managed health care for the National Capital Region with a benefit structure similar to the CHAMPUS Reform Initiative, without infringing upon the Baltimore Uniformed Services Treatment Facility catchment service area: *Provided further*, That not less than $7,500,000 of the funds appropriated in this paragraph shall be made available as a grant only to the Northeast Regional Cancer Institute for programs of major importance to the Department of Defense: *Provided further*, That of the funds appropriated in this paragraph, $213,251,000 shall not be obligated or expended until authorized by law.

CHEMICAL AGENTS AND MUNITIONS DESTRUCTION, DEFENSE

For expenses, not otherwise provided for, necessary for the destruction of the United States stockpile of lethal chemical agents and munitions in accordance with the provisions of section 1412 of the Department of Defense Authorization Act, 1986; $494,100,000, of which $246,400,000 shall be for Operation and maintenance, $241,200,000, to remain available until September 30, 1995, shall be for Procurement, and $6,500,000, to remain available until September 30, 1994, shall be for Research, development, test and evaluation.

DRUG INTERDICTION AND COUNTER-DRUG ACTIVITIES, DEFENSE

(INCLUDING TRANSFER OF FUNDS)

For drug interdiction and counter-drug activities of the Department of Defense, for transfer to appropriations available to the Department of Defense for military personnel of the reserve components serving under the provisions of title 10 and title 32, United States Code; for Operation and maintenance; for Procurement; and for Research, development, test and evaluation; $1,261,900,000: *Provided*, That the funds appropriated by this paragraph shall be available for obligation for the same time period and for the same purpose as the appropriation to which transferred: *Provided further*, That the transfer authority provided in this paragraph is in addition to any transfer authority contained elsewhere in this Act: *Provided further*, That $25,500,000 shall be available only for operation and maintenance expenses for five seabased aerostat systems to provide detection and monitoring support for the United States Coast Guard anti-narcotics operations: *Provided further*, That of the funds appropriated in this paragraph, not less than $7,500,000 shall be available only for the Gulf States Counter-Narcotics Initiative.

OFFICE OF THE INSPECTOR GENERAL

For expenses and activities of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended; $219,700,000, of which $218,900,000 shall be for Operation and maintenance, of which not to exceed $300,000 is available for emergencies and extraordinary expenses to be expended on the approval or authority of the Inspector General, and payments may be made on his certificate of necessity for confidential military purposes; and of which $800,000, to remain available until September 30, 1995, shall be for Procurement.

TITLE VII

RELATED AGENCIES

CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM FUND

For payment to the Central Intelligence Agency Retirement and Disability System Fund, to maintain proper funding level for continuing the operation of the Central Intelligence Agency Retirement and Disability System; $168,900,000.

THE EDWARD R. ROYBAL FOUNDATION

(INCLUDING TRANSFER OF FUNDS)

For payment to the Edward R. Roybal Foundation, a direct and unrestricted grant, including any interest or earnings therefrom, to support educational and public service programs for caregivers, practitioners and educators specializing in applied gerontology; $10,000,000: *Provided*, That, notwithstanding any other provision of law or of this Act, the Secretary of Defense is hereby authorized and directed to make the grant authorized by this section to the Edward R. Roybal Foundation, and such grant shall be transferred to the Foundation by January 1, 1993.

TITLE VIII

DEFENSE REINVESTMENT FOR ECONOMIC GROWTH

Of the funds appropriated in this Act for the Department of Defense for fiscal year 1993, $1,000,000,000 shall remain available

until expended only for defense reinvestment programs as authorized by the National Defense Authorization Act for Fiscal Year 1993.

TITLE IX

GENERAL PROVISIONS

SEC. 9001. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 9002. During the current fiscal year, provisions of law prohibiting the payment of compensation to, or employment of, any person not a citizen of the United States shall not apply to personnel of the Department of Defense: *Provided*, That salary increases granted to direct and indirect hire foreign national employees of the Department of Defense funded by this Act shall not be at a rate in excess of the percentage increase authorized by law for civilian employees of the Department of Defense whose pay is computed under the provisions of section 5332 of title 5, United States Code, or at a rate in excess of the percentage increase provided by the appropriate host nation to its own employees, whichever is higher: *Provided further*, That this section shall not apply to Department of Defense foreign service national employees serving at United States diplomatic missions whose pay is set by the Department of State under the Foreign Service Act of 1980.

SEC. 9003. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year, unless expressly so provided herein.

SEC. 9004. No more than 20 per centum of the appropriations in this Act which are limited for obligation during the current fiscal year shall be obligated during the last two months of the fiscal year: *Provided*, That this section shall not apply to obligations for support of active duty training of reserve components or summer camp training of the Reserve Officers' Training Corps, or the National Board for the Promotion of Rifle Practice, Army.

SEC. 9005. During the current fiscal year and hereafter, no part of any appropriation contained in this Act, except for small purchases covered by section 2304(g) of title 10, United States Code, shall be available for the procurement of any article or item of food, clothing, tents, tarpaulins, covers, cotton and other natural fiber products, woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, canvas products, or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles), or any item of individual equipment manufactured from or containing such fibers, yarns, fabrics, or materials, or specialty metals including stainless steel flatware, or hand or measuring tools, not grown, reprocessed, reused, or produced in the United States or its possessions, except to the extent that the Secretary of the Department concerned shall determine that satisfactory quality and sufficient quantity of any articles or items of food, individual equipment, tents, tarpaulins, covers, or clothing or any form of cotton or other natural fiber products, woven silk and woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, canvas products, wool, or specialty metals including stainless steel flatware, grown, reprocessed, reused, or produced in the United States or its possessions cannot be procured as and when needed at United States market prices and except procurements outside the United States in support of combat operations, procurements by vessels in foreign waters, and emergency procurements or procurements of perishable foods by establishments located outside the United States for the personnel attached thereto: *Provided*, That nothing herein shall preclude the procurement of specialty metals or chemical warfare protective clothing produced outside the United States or its possessions when such procurement is necessary to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources for the purposes of offsetting sales made by the United States Government or United States firms under approved programs serving defense requirements or where such procurement is necessary in furtherance of agreements with foreign governments in which both governments agree to remove barriers to purchases of supplies produced in the other country or services performed by sources of the other country, so long as such agreements with foreign governments comply, where applicable, with the requirements of section 36 of the Arms Export Control Act and with section 2457 of title 10, United States Code: *Provided further*, That nothing herein shall preclude the procurement of foods manufactured or processed in the United States or its possessions.

(TRANSFER OF FUNDS)

SEC. 9006. Upon determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, transfer not to exceed $2,500,000,000 of working capital funds of the Department of Defense or funds made available in this Act to the Department of Defense for military functions (except military construction) between such appropriations or funds or any subdivision thereof, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: *Provided*, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by Congress: *Provided further*, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority or any other authority in this Act.

(TRANSFER OF FUNDS)

SEC. 9007. During the current fiscal year, cash balances in working capital funds of the Department of Defense established pursuant to section 2208 of title 10, United States Code, may be maintained in only such amounts as are necessary at any time for cash disbursements to be made from such funds: *Provided*, That transfers may be made between such funds and the "Foreign Currency Fluctuations, Defense" and "Operation and Maintenance" appropriation accounts in such amounts as may be determined by the Secretary of Defense, with the approval of the Office of Management and Budget, except that such transfers may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer. Except in amounts equal to the amounts appropriated to working capital funds in this Act, no obligations may be made against a working capital fund to procure or increase the value of war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation.

SEC. 9008. Using funds available by this Act or any other Act, the Secretary of the Air Force, pursuant to a determination under section 2690 of title 10, United States Code, may implement cost-effective agreements for required heating facility modernization in the Kaiserslautern Military Community in the Federal Republic of Germany: *Provided*, That in the City of Kaiserslautern such agreements will include the use of United States anthracite as the base load energy for municipal district heat to the United States Defense installations: *Provided further*, That at Landstuhl Army Regional Medical Center and Ramstein Air Base, furnished heat may be obtained from private or municipal services, if provisions are included for the consideration of United States coal as an energy source.

SEC. 9009. Funds appropriated by this Act may not be used to initiate a special access program without prior notification 30 calendar days in session in advance to the Committees on Appropriations and Armed Services of the Senate and House of Representatives.

SEC. 9010. No part of the funds in this Act shall be available to prepare or present a request to the Committees on Appropriations for reprogramming of funds, unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which reprogramming is requested has been denied by the Congress.

SEC. 9011. None of the funds contained in this Act available for the Civilian Health and Medical Program of the Uniformed Services shall be available for payments to physicians and other authorized individual health care providers in excess of the amounts allowed in fiscal year 1992 for similar services, except that: (a) for services for which the Secretary of Defense determines an increase is justified by economic circumstances, the allowable amounts may be increased in accordance with appropriate economic index data similar to that used pursuant to title XVIII of the Social Security Act; and (b) for services the Secretary determines are overpriced based on an analysis similar to that used pursuant to title XVIII of the Social Security Act, the allowable amounts shall be reduced by not more than 15 percent. The Secretary shall solicit public comment prior to promulgating regulations to implement this section.

SEC. 9012. None of the funds appropriated by this Act for programs of the Central Intelligence Agency shall remain available for obligation beyond the current fiscal year, except for funds appropriated for the Reserve for Contingencies, which shall remain available until September 30, 1995.

SEC. 9013. None of the funds provided in this Act shall be available to initiate (1) a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any one year of the contract or that includes an unfunded contingent liability in excess of $20,000,000, or (2) a contract for advance procurement leading to a multiyear contract that employs economic order quantity procurement in excess of $20,000,000 in any one year, unless the Committees on Appropriations and Armed Services of the Senate and House of Representatives have been notified at least thirty days in advance of the proposed contract award: *Provided*, That no part of any appropriation contained in this Act shall be available to initiate a multiyear contract for which the economic order quantity advance procurement is not funded at least to the limits of the Government's liability: *Provided further*, That no part of any appropriation contained in this Act shall be available to initiate

multiyear procurement contracts for any systems or component thereof if the value of the multiyear contract would exceed $500,000,000 unless specifically provided in this Act: *Provided further*, That no multiyear procurement contract can be terminated without 10-day prior notification to the Committees on Appropriations and Armed Services of the House of Representatives and the Senate: *Provided further*, That the execution of multiyear authority shall require the use of a present value analysis to determine lowest cost compared to an annual procurement.

(TRANSFER OF FUNDS)

SEC. 9014. None of the funds appropriated in this Act may be made available through transfer, reprogramming, or other means between the Central Intelligence Agency and the Department of Defense for any intelligence or special activity different from that previously justified to the Congress unless the Director of Central Intelligence or the Secretary of Defense has notified the House and Senate Appropriations Committees of the intent to make such funds available for such activity.

SEC. 9015. (a) None of the funds appropriated by this Act shall be available to convert a position in support of the Army Reserve, Air Force Reserve, Army National Guard, and Air National Guard occupied by, or programmed to be occupied by, a (civilian) military technician to a position to be held by a person in an active duty status or active Guard or Reserve status if that conversion would reduce the total number of positions occupied by, or programmed to be occupied by, (civilian) military technicians of the component concerned, below 69,929: *Provided*, That none of the funds appropriated by this Act shall be available to support more than 46,306 positions in support of the Army Reserve, Army National Guard, or Air National Guard occupied by, or programmed to be occupied by, persons in an active Guard or Reserve status: *Provided further*, That none of the funds appropriated by this Act may be used to include (civilian) military technicians in computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard, or Air National Guard.

(b) None of the funds appropriated by this Act shall be used to include (civilian) military technicians in any administratively imposed freeze on civilian positions.

SEC. 9016. Notwithstanding any other provision of law, governments of Indian tribes shall be treated as State and local governments for the purposes of disposition of real property recommended for closure in the report of the Defense Secretary's Commission on Base Realignments and Closures, December 1988, the report to the President from the Defense Base Closure and Realignment Commission, July 1991, and Public Law 100-526.

SEC. 9017. (a) The provisions of section 115(a)(4) of title 10, United States Code, shall not apply with respect to fiscal year 1993 or with respect to the appropriation of funds for that year.

(b) During fiscal year 1993, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.

(c) The fiscal year 1994 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1994 Department of Defense budget request shall be prepared and submitted to the Congress as if subsections (a) and (b) of this provision were effective with regard to fiscal year 1994.

SEC. 9018. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before the Congress.

SEC. 9019. None of the funds appropriated by this Act shall be obligated for the pay of any individual who is initially employed after the date of enactment of this Act as a technician in the administration and training of the Army Reserve and the maintenance and repair of supplies issued to the Army Reserve unless such individual is also a military member of the Army Reserve troop program unit that he or she is employed to support. Those technicians employed by the Army Reserve in areas other than Army Reserve troop program units need only be members of the Selected Reserve.

SEC. 9020. None of the funds available to the Department of Defense may be used for the floating storage of petroleum or petroleum products except in vessels of or belonging to the United States.

SEC. 9021. Within the funds appropriated for the operation and maintenance of the Armed Forces, funds are hereby appropriated pursuant to section 401 of title 10, United States Code, for humanitarian and civic assistance costs under chapter 20 of title 10, United States Code. Such funds may also be obligated for humanitarian and civic assistance costs incidental to authorized operations and pursuant to authority granted in section 401 of chapter 20 of title 10, United States Code, and these obligations shall be reported to Congress on September 30 of each year: *Provided*, That funds available for operation and maintenance shall be available for providing humanitarian and similar assistance by using Civic Action Teams in the Trust Territories of the Pacific Islands and freely associated states of Micronesia, pursuant to the Compact of Free Association as authorized by Public Law 99-239: *Provided further*, That upon a determination by the Secretary of the Army that such action is beneficial for graduate medical education programs conducted at Army medical facilities located in Hawaii, the Secretary of the Army may authorize the provision of medical services at such facilities and transportation to such facilities, on a nonreimbursable basis, for civilian patients from American Samoa, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, Palau, and Guam.

SEC. 9022. Notwithstanding any other provision of law, the Secretaries of the Army and Air Force may authorize the retention in an active status until age sixty of any officer who would otherwise be removed from an active status and who is employed as a National Guard or Reserve technician in a position in which active status in a reserve component of the Army or Air Force is required as a condition of that employment.

SEC. 9023. Funds available for operation and maintenance under this Act may be used in connection with demonstration projects and other activities authorized by section 1092 of title 10, United States Code.

SEC. 9024. (a) None of the funds appropriated by this Act shall be used to make contributions to the Department of Defense Education Benefits Fund pursuant to section 2006(g) of title 10, United States Code, representing the normal cost for future benefits under section 1415(c) of title 38, United States Code, for any member of the armed services who, on or after the date of enactment of this Act—

(1) enlists in the armed services for a period of active duty of less than three years; or

(2) receives an enlistment bonus under section 308a or 308f of title 37, United States Code,

nor shall any amounts representing the normal cost of such future benefits be transferred from the Fund by the Secretary of the Treasury to the Secretary of Veterans Affairs pursuant to section 2006(d) of title 10, United States Code; nor shall the Secretary of Veterans Affairs pay such benefits to any such member: *Provided*, That, in the case of a member covered by clause (1), these limitations shall not apply to members in combat arms skills or to members who enlist in the armed services on or after July 1, 1989, under a program continued or established by the Secretary of Defense in fiscal year 1991 to test the cost-effective use of special recruiting incentives involving not more than nineteen noncombat arms skills approved in advance by the Secretary of Defense: *Provided further*, That this subsection applies only to active components of the Army.

(b) None of the funds appropriated by this Act shall be available for the basic pay and allowances of any member of the Army participating as a full-time student and receiving benefits paid by the Secretary of Veterans Affairs from the Department of Defense Education Benefits Fund when time spent as a full-time student is credited toward completion of a service commitment: *Provided*, That this subsection shall not apply to those members who have reenlisted with this option prior to October 1, 1987: *Provided further*, That this subsection applies only to active components of the Army.

SEC. 9025. Funds appropriated in this Act shall be available for the payment of not more than 75 percent of the charges of a postsecondary educational institution for the tuition or expenses of an officer in the Ready Reserve of the Army National Guard or Army Reserve for education or training during his off-duty periods, except that no part of the charges may be paid unless the officer agrees to remain a member of the Ready Reserve for at least four years after completion of such training or education.

SEC. 9026. None of the funds appropriated by this Act shall be available to convert to contractor performance an activity or function of the Department of Defense that, on or after the date of enactment of this Act, is performed by more than ten Department of Defense civilian employees until a most efficient and cost-effective organization analysis is completed on such activity or function and certification of the analysis is made to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That this section shall not apply to a commercial or industrial type function of the Department of Defense that: (1) is included on the procurement list established pursuant to section 2 of the Act of June 25, 1938 (41 U.S.C. 47), popularly referred to as the Javits-Wagner-O'Day Act; (2) is planned to be converted to performance by a qualified nonprofit agency for the blind or by a qualified nonprofit agency for other severely handicapped individuals in accordance with that Act; or (3) is planned to be converted to performance by a qualified firm under 51 percent Native American ownership.

SEC. 9027. None of the funds available to the Department of Defense shall be available

to award a competitive procurement contract for any round of 120mm mortar ammunition unless such round has successfully passed first article acceptance testing and has a validated level III technical data package which supports such competitive procurement: *Provided*, That none of the funds appropriated in this Act to the Department of the Army may be obligated for procurement of 120mm mortars or 120mm mortar ammunition manufactured outside of the United States.

SEC. 9028. None of the funds appropriated or made available by this Act may be obligated for acquisition of major automated information systems which have not successfully completed oversight reviews required by Defense Department regulations: *Provided*, That none of the funds appropriated or made available by this Act may be obligated on Composite Health Care System acquisition contracts if such contracts would cause the total life cycle cost estimate of $1,600,000,000 expressed in fiscal year 1986 constant dollars to be exceeded.

SEC. 9029. None of the funds provided by this Act may be used to pay the salaries of any person or persons who authorize the transfer of unobligated and deobligated appropriations into the Reserve for Contingencies of the Central Intelligence Agency.

SEC. 9030. Funds appropriated by this Act for construction projects of the Central Intelligence Agency, which are transferred to another Agency for execution, shall remain available until expended.

SEC. 9031. Notwithstanding any other provision of law, the Secretary of the Navy may use funds appropriated to charter ships to be used as auxiliary minesweepers providing that the owner agrees that these ships may be activated as Navy Reserve ships with Navy Reserve crews used in training exercises conducted in accordance with law and policies governing Naval Reserve forces.

SEC. 9032. Notwithstanding any other provision of law, the Department shall competitively award contracts for the geographical expansion of the CHAMPUS Reform Initiative in Florida (which may include Department of Veterans Affairs medical facilities with the concurrence of the Secretary of Veterans Affairs), Washington, Oregon, and the Alexandria, Louisiana (England Air Force Base) region: *Provided*, That none of the funds appropriated, or otherwise made available to the Department of Defense, by this or any other Act of Congress, shall be used to implement or administer a health care delivery management program for Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) eligible beneficiaries in California, Florida, Hawaii, Oregon, Washington, New Orleans and Alexandria, Louisiana (England Air Force Base) region, unless the scope of benefits and program management structure are identical to that provided on October 1, 1991, under the California and Hawaii CHAMPUS Reform Initiative Demonstration Program: *Provided further*, That no funds may be used to implement or otherwise administer a health care delivery management program that restricts access to military treatment facilities or otherwise reduces the health care benefits of eligible beneficiaries who choose not to enroll in that program: *Provided further*, That no provision of this or any other Act shall be interpreted as granting authority under title 41, United States Code, section 253(a)(5) to modify, without soliciting competitive at-risk proposals, contracts with CHAMPUS fiscal intermediaries (FI) for the purpose of giving them more responsibility for implementing or otherwise administering a health care delivery management program: *Provided further*, That Solicitation Number MDA 906–91–R–0002 be amended to conform with this provision of law and shall provide for no less than a six-month transition period: *Provided further*, That the preemption provisions of section 1103(a) of title 10, United States Code, shall apply to contracts entered into pursuant to Solicitation Number MDA 906–91–R–0002 and shall preempt State and local laws and regulations which relate to health insurance or prepaid health care plans.

SEC. 9033. Funds appropriated or made available in this Act shall be obligated and expended to continue to fully utilize the facilities at the United States Army Engineer's Waterways Experiment Station, including the continued availability of the supercomputer capability: *Provided*, That none of the funds in this Act may be used to purchase any supercomputer which is not manufactured in the United States, unless the Secretary of Defense certifies to the Armed Services and Appropriations Committees of Congress that such an acquisition must be made in order to acquire capability for national security purposes that is not available from United States manufacturers.

SEC. 9034. None of the funds provided in this Act shall be available for use by a Military Department to modify an aircraft, weapon, ship or other item of equipment, that the Military Department concerned plans to retire or otherwise dispose of within five years after completion of the modification: *Provided*, That this prohibition shall not apply to safety modifications: *Provided further*, That this prohibition may be waived by the Secretary of a Military Department if the Secretary determines it is in the best national security interest of the country to provide such waiver and so notifies the congressional defense committees in writing.

SEC. 9035. For the purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100–119) and by the Budget Enforcement Act of 1990 (Public Law 101–508), the term program, project, and activity for appropriations contained in this Act shall be defined as the most specific level of budget items identified in the Department of Defense Appropriations Act, 1993, the accompanying House and Senate Committee reports, the conference report and accompanying joint explanatory statement of the managers of the Committee of Conference, the related classified annexes, and the P–1 and R–1 budget justification documents as subsequently modified by Congressional action: *Provided*, That the following exception to the above definition shall apply:

For the Military Personnel and the Operation and Maintenance accounts, the term "program, project, and activity" is defined as the appropriations accounts contained in the Department of Defense Appropriations Act: *Provided further*, That at the time the President submits his budget for fiscal year 1994, the Department of Defense shall transmit to the Committees on Appropriations and the Committees on Armed Services of the Senate and the House of Representatives a budget justification document to be known as the "O–1" which shall identify, at the budget activity, activity group, and subactivity group level, the amounts requested by the President to be appropriated to the Department of Defense for operation and maintenance in any budget request, or amended budget request, for fiscal year 1994.

SEC. 9036. Of the funds appropriated to the Army, $230,700,000 shall be available only for the Reserve Component Automation System (RCAS): *Provided*, That none of these funds can be expended—

(1) except as approved by the Chief of the National Guard Bureau;

(2) unless RCAS resource management functions are performed by the National Guard Bureau;

(3) to pay the salary of an RCAS program manager who has not been selected and approved by the Chief of the National Guard Bureau and chartered by the Chief of the National Guard Bureau and the Secretary of the Army;

(4) unless the Program Manager (PM) charter makes the PM accountable to the Chief of the National Guard Bureau and fully defines his authority, responsibility, reporting channels and organizational structure;

(5) to pay the salaries of individuals assigned to the RCAS program management office unless such organization is comprised of personnel chosen jointly by the Chiefs of the National Guard Bureau and the Army Reserve;

(6) to pay contracted costs for the acquisition of RCAS unless RCAS is an integrated system consisting of software, hardware, and communications equipment and unless such contract continues to preclude the use of Government furnished equipment, operating systems, and executive and applications software; and

(7) unless RCAS performs its own classified information processing.

SEC. 9037. None of the funds provided for the Department of Defense in this Act may be obligated or expended for fixed price-type contracts in excess of $10,000,000 for the development of a major system or subsystem unless the Under Secretary of Defense for Acquisition determines, in writing, that program risk has been reduced to the extent that realistic pricing can occur, and that the contract type permits an equitable and sensible allocation of program risk between the contracting parties: *Provided*, That the Under Secretary may not delegate this authority to any persons who hold a position in the Office of the Secretary of Defense below the level of Assistant Secretary of Defense: *Provided further*, That at least thirty days before making a determination under this section the Secretary of Defense will notify the Committees on Appropriations of the Senate and House of Representatives in writing of his intention to authorize such a fixed price-type developmental contract and shall include in the notice an explanation of the reasons for the determination.

SEC. 9038. Monetary limitations on the purchase price of a passenger motor vehicle shall not apply to vehicles purchased for intelligence activities conducted pursuant to Executive Order 12333 or successor orders.

SEC. 9039. Not to exceed $20,000,000 of the funds available to the Department of the Army during the current fiscal year may be used to fund the construction of classified military projects within the Continental United States, including design, architecture, and engineering services.

SEC. 9040. None of the funds in this Act may be available for the purchase by the Department of Defense (and its departments and agencies) of welded shipboard anchor and mooring chain 4 inches in diameter and under unless the anchor and mooring chain are manufactured in the United States from components which are substantially manufactured in the United States: *Provided*, That for the purpose of this section manufactured

will include cutting, heat treating, quality control, testing of chain and welding (including the forging and shot blasting process): *Provided further*, That for the purpose of this section substantially all of the components of anchor and mooring chain shall be considered to be produced or manufactured in the United States if the aggregate cost of the components produced or manufactured in the United States exceeds the aggregate cost of the components produced or manufactured outside the United States: *Provided further*, That when adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis, the Secretary of the service responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations that such an acquisition must be made in order to acquire capability for national security purposes.

(TRANSFER OF FUNDS)

SEC. 9041. Notwithstanding any other provision of law, the Department of Defense may transfer prior year unobligated balances and funds appropriated in this Act to the operation and maintenance appropriations for the purpose of providing military technician and Department of Defense medical personnel pay and medical programs (including CHAMPUS) the same exemption from sequestration set forth in the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100–119) and by the Budget Enforcement Act of 1990 (Public Law 101–508) as that granted the other military personnel accounts: *Provided*, That any transfer made pursuant to any use of the authority provided by this provision shall be limited so that the amounts reprogrammed to the operation and maintenance appropriations do not exceed the amounts sequestered under the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) as amended by the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Public Law 100–119) and by the Budget Enforcement Act of 1990 (Public Law 101–508): *Provided further*, That the authority to make transfers pursuant to this section is in addition to the authority to make transfers under other provisions of this Act: *Provided further*, That the Secretary of Defense may proceed with such transfer after notifying the Appropriations Committees of the House of Representatives and the Senate twenty calendar days in session before any such transfer of funds under this provision.

SEC. 9042. None of the funds available to the Department of the Navy may be used to enter into any contract for the overhaul, repair, or maintenance of any naval vessel homeported on the West Coast of the United States which includes charges for interport differential as an evaluation factor for award.

SEC. 9043. None of the funds appropriated by this Act available for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) shall be available for the reimbursement of any health care provider for inpatient mental health service in excess of thirty days in any year, in the case of a patient nineteen years of age or older, forty-five days in any year in the case of a patient under nineteen years of age, or one hundred and fifty days in any year in the case of inpatient mental health services provided as residential treatment care, or for care received when a patient is referred to a provider of inpatient mental health care or residential treatment care by a medical or health care professional having an economic interest in the facility to which the patient is referred: *Provided*, That these limitations do not apply in the case of inpatient mental health services provided under the program for the handicapped under subsection (d) of section 1079 of title 10, United States Code, provided as partial hospital care, or provided pursuant to a waiver authorized by the Secretary of Defense because of medical or psychological circumstances of the patient that are confirmed by a health professional who is not a Federal employee after a review, pursuant to rules prescribed by the Secretary, which takes into account the appropriate level of care for the patient, the intensity of services required by the patient, and the availability of that care: *Provided further*, That the Secretary of Defense (after consulting with the other administering Secretaries) may prescribe separate payment requirements (including deductibles, copayments, and catastrophic limits) for the provision of mental health services to persons covered by this provision or section 1086 of title 10, United States Code. The payment requirements may vary for different categories of covered beneficiaries, by type of mental health service provided, and based on the location of the covered beneficiaries: *Provided further*, That except in the case of an emergency, the Secretary of Defense shall require preadmission authorization before inpatient mental health services may be provided to persons covered by this provision or section 1086 of title 10, United States Code. In the case of the provision of emergency inpatient mental health services, approval for the continuation of such services shall be required within 72 hours after admission.

SEC. 9044. The designs of the Army Comanche Helicopter, the Navy A–X Aircraft, the Air Force Advanced Tactical Fighter, and any variants of these aircraft, must incorporate Joint Integrated Avionics Working Group standard avionics specifications and must fully comply with all DOD regulations requiring the use of the Ada computer programming language no later than 1998: *Provided*, That all new Department of Defense procurements shall separately identify software costs in the work breakdown structure defined by MIL–STD–881 in those instances where software is considered to be a major category of cost.

SEC. 9045. Of the funds appropriated, reimbursable expenses incurred by the Department of Defense on behalf of the Soviet Union or its successor entities in monitoring United States implementation of the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Elimination of Their Intermediate-Range or Shorter-Range Missiles ("INF Treaty"), concluded December 8, 1987, may be treated as orders received and obligation authority for the applicable appropriation, account, or fund increased accordingly. Likewise, any reimbursements received for such costs may be credited to the same appropriation, account, or fund to which the expenses were charged: *Provided*, That reimbursements which are not received within one hundred and eighty days after submission of an appropriate request for payment shall be subject to interest at the current rate established pursuant to section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (59 Stat. 526). Interest shall begin to accrue on the one hundred and eighty-first day following submission of an appropriate request for payment: *Provided further*, That funds appropriated in this Act may be used to reimburse United States military personnel for reasonable costs of subsistence, at rates to be determined by the Secretary of Defense, incurred while accompanying Soviet Inspection Team members or inspection team members of the successor entities of the Soviet Union engaged in activities related to the INF Treaty: *Provided further*, That this provision includes only the in-country period (referred to in the INF Treaty) and is effective whether such duty is performed at, near, or away from an individual's permanent duty station.

SEC. 9046. Funds available in this Act may be used to provide transportation for the next-of-kin of individuals who have been prisoners of war or missing in action from the Vietnam era to an annual meeting in the United States, under such regulations as the Secretary of Defense may prescribe.

SEC. 9047. None of the funds available to the Department of Defense or Navy shall be obligated or expended to (1) implement Automatic Data Processing, Data Processing Installation, Central Design Activity, or Information Technology Facility consolidation plans, or (2) make reductions in force or transfers in personnel, end strengths, billets or missions that affect the Naval Regional Data Automation Center, the Enlisted Personnel Management Center, the Naval Reserve Personnel Center and related missions, functions and commands until sixty legislative days after the Secretary of Defense submits a report, including complete review comments and a certification by the General Accounting Office, to the Committees on Appropriations of the House and Senate justifying any transfer, reductions, or consolidations in terms of (1) addressing the overall mission and operations staffing of all Naval Automatic Data Processing, Information Technology Facility, and Naval personnel functions and all Naval Regional Data Automation Centers, Data Processing Installations, and Central Design Activities for all active and reserve personnel commands and field activities, Data Processing Installations, Central Design Activities, and Automatic Data Processing commands and field activities; and (2) certifying that such reductions, transfers, consolidation plans or new operations: (a) do not duplicate functions presently conducted, do not consolidate or transfer Naval Regional Data Automation Center personnel, workload or functions that are planned for consolidation or transfer in other defense management report plans, do not impact Naval Regional Data Automation Centers that had a positive net operating result, without prior year adjustments, for each of the last three fiscal years, and do not result in the transfer of Naval automatic data processing functions which are inherent to operations of a colocated command; (b) are cost effective from a budgetary standpoint; (c) will not adversely affect the mission, readiness and strategic considerations of the Navy and the Naval Reserve, will not adversely impact on the quality of life and economic benefits of the individual serviceman and dependents, and will not result in the consolidation of Naval Regional Data Automation Centers, Data Processing Installations, Central Design Activities or automatic data processing functions from areas, except the National Capital Region, that are economically depressed and have at least 15 percent of its population with annual incomes at or below the current annual Federal poverty level.

SEC. 9048. No funds appropriated by this Act may be obligated or expended to prepare, or to assist any contractor of the Depart-

ment of Defense in preparing, any material, report, list, or analysis with respect to the actual or projected economic or employment impact in a particular State or congressional district of an acquisition program for which all research, development, testing and evaluation has not been completed.

SEC. 9049. All obligations incurred in anticipation of the appropriations and authority provided in this Act are hereby ratified and confirmed if otherwise in accordance with the provisions of this Act.

SEC. 9050. None of the funds appropriated by this Act shall be available for a contract for studies, analyses, or consulting services entered into without competition on the basis of an unsolicited proposal unless the head of the activity responsible for the procurement determines:

(1) as a result of thorough technical evaluation, only one source is found fully qualified to perform the proposed work, or

(2) the purpose of the contract is to explore an unsolicited proposal which offers significant scientific or technological promise, represents the product of original thinking, and was submitted in confidence by one source, or

(3) the purpose of the contract is to take advantage of unique and significant industrial accomplishment by a specific concern, or to insure that a new product or idea of a specific concern is given financial support:

Provided, That this limitation shall not apply to contracts in an amount of less than $25,000, contracts related to improvements of equipment that is in development or production, or contracts as to which a civilian official of the Department of Defense, who has been confirmed by the Senate, determines that the award of such contract is in the interest of the national defense.

SEC. 9051. None of the funds available to the Department of Defense in this Act shall be used to demilitarize or dispose of more than 310,784 unserviceable M1 Garand rifles and M1 Carbines.

SEC. 9052. Notwithstanding any other provision of law, none of the funds appropriated by this Act shall be available to pay more than 50 percent of an amount paid to any person under section 308 of title 37, United States Code, in a lump sum.

SEC. 9053. None of the funds appropriated by this Act may be used by the Department of Defense to assign a supervisor's title or grade when the number of people he or she supervises is considered as a basis for this determination: *Provided*, That savings that result from this provision are represented as such in future budget proposals.

SEC. 9054. None of the funds appropriated by this or any other Act with respect to any fiscal year for the Navy may be used to carry out an electromagnetic pulse program in the Chesapeake Bay area in connection with the Electromagnetic Pulse Radiation Environment Simulator for Ships (EMPRESS II) program unless or until the Secretary of Defense certifies to the Congress that conduct of the EMPRESS II program is essential to the national security of the United States and to achieving requisite military capability for United States naval vessels, and that the economic, environmental, and social costs to the United States of conducting the EMPRESS II program in the Chesapeake Bay area are far less than the economic, environmental, and social costs caused by conducting the EMPRESS II program elsewhere.

SEC. 9055. Of the funds appropriated by this Act, no more than $4,000,000 shall be available for the health care demonstration project regarding chiropractic care required by section 632(b) of the Department of Defense Authorization Act, 1985, Public Law 98–525.

SEC. 9056. None of the funds appropriated by this Act may be used to pay health care providers under the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) for services determined under the CHAMPUS Peer Review Organization (PRO) Program to be not medically or psychologically necessary. The Secretary of Defense may by regulation adopt any quality and utilization review requirements and procedures in effect for the Peer Review Organization Program under title XVIII of the Social Security Act (Medicare) that the Secretary determines necessary, and may adapt the Medicare requirements and procedures to the circumstances of the CHAMPUS PRO Program as the Secretary determines appropriate.

SEC. 9057. Such sums as may be necessary for fiscal year 1993 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 9058. None of the funds appropriated by this Act shall be available for payments under the Department of Defense contract with the Louisiana State University Medical Center involving the use of cats for Brain Missile Wound Research, and the Department of Defense shall not make payments under such contract from funds obligated prior to the date of the enactment of this Act, except as necessary for costs incurred by the contractor prior to the enactment of this Act, and until thirty legislative days after the final General Accounting Office report on the aforesaid contract is submitted for review to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That funds necessary for the care of animals covered by this contract are allowed.

SEC. 9059. None of the funds provided in this Act or any other Act shall be available to conduct bone trauma research at the Letterman Army Institute of Research until the Secretary of the Army certifies that the synthetic compound to be used in the experiments is of such a type that its use will result in a significant medical finding, the research has military application, the research will be conducted in accordance with the standards set by an animal care and use committee, and the research does not duplicate research already conducted by a manufacturer or any other research organization.

SEC. 9060. The Secretary of Defense shall include in any base closure and realignment plan submitted to Congress after the date of enactment of this Act, a complete review for the five-year period beginning on October 1, 1992, which shall include expected force structure and levels for such period, expected installation requirements for such period, a budget plan for such period, the cost savings expected to be realized through realignments and closures of military installations during such period, an economics model to identify the critical local economic sectors affected by proposed closures and realignments of military installations and an assessment of the economic impact in each area in which a military installation is to be realigned or closed.

SEC. 9061. No more than $50,000 of the funds appropriated or made available in this Act shall be used for any single relocation of an organization, unit, activity or function of the Department of Defense into or within the National Capital Region: *Provided*, That the Secretary of Defense may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and Senate that such a relocation is required in the best interest of the Government: *Provided further*, That no funds appropriated or made available in this Act shall be used for the relocation into the National Capital Region of the Air Force Office of Medical Support located at Brooks Air Force Base.

SEC. 9062. The Secretary of Defense shall ensure that at least 50 percent of the Joint Service Missile Mission is in place at Letterkenny Army Depot by the time Systems Integration Management Activity and Depot Systems Command are scheduled to relocate to Rock Island Arsenal, Illinois. This provision is in no way intended to affect the move of the 2.5- and 5-ton truck maintenance mission from Letterkenny Army Depot to Tooele Army Depot.

SEC. 9063. None of the funds appropriated in this Act shall be used to produce more than two-thirds of the liquid gas requirements in-house at Andersen Air Force Base on Guam. At least one-third of Andersen Air Force Base's liquid gas requirements shall be met by acquiring liquid gas from commercial sources on Guam.

SEC. 9064. During the current fiscal year, funds appropriated or otherwise available for any Federal agency, the Congress, the judicial branch, or the District of Columbia may be used for the pay, allowances, and benefits of an employee as defined by section 2105 of title 5 or an individual employed by the government of the District of Columbia, permanent or temporary indefinite, who—

(1) is a member of a Reserve component of the armed forces, as described in section 261 of title 10, or the National Guard, as described in section 101 of title 32;

(2) performs, for the purpose of providing military aid to enforce the law or providing assistance to civil authorities in the protection or saving of life or property or prevention of injury—

(A) Federal service under section 331, 332, 333, 3500, or 8500 of title 10, or other provision of law, as applicable, or

(B) full-time military service for his State, the District of Columbia, the Commonwealth of Puerto Rico, or a territory of the United States; and

(3) requests and is granted—

(A) leave under the authority of this section; or

(B) annual leave, which may be granted without regard to the provisions of sections 5519 and 6323(b) of title 5, if such employee is otherwise entitled to such annual leave:

Provided, That any employee who requests leave under subsection (3)(A) for service described in subsection (2) of this section is entitled to such leave, subject to the provisions of this section and of the last sentence of section 6323(b) of title 5, and such leave shall be considered leave under section 6323(b) of title 5.

SEC. 9065. None of the funds appropriated by this Act shall be available to perform any cost study pursuant to the provisions of OMB Circular A–76 if the study being performed exceeds a period of twenty-four months after initiation of such study with respect to a single function activity or forty-eight months after initiation of such study for a multi-function activity.

SEC. 9066. None of the funds appropriated by this Act shall be used to begin closing a military treatment facility unless the Secretary of Defense notifies the Committees on Appropriations of the House of Representatives and the Senate ninety days prior to such action.

SEC. 9067. Funds appropriated by this Act for the American Forces Information Service shall not be used for any national or international political or psychological activities.

SEC. 9068. None of the unobligated balances available in the National Defense Stockpile Transaction Fund during the current fiscal year may be obligated or expended to finance any grant or contract to conduct research, development, test and evaluation activities for the development or production of advanced materials, unless amounts for such purposes are specifically appropriated in a subsequent appropriations Act.

SEC. 9069. (a) As stated in section 3(5)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2402(5)(A)), it is the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States or against any other United States person.

(b)(1) Consistent with the policy referred to in subsection (a), no Department of Defense prime contract in excess of the small purchase threshold, as defined in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11)), may be awarded to a foreign person, company, or entity unless that person, company, or entity certifies to the Secretary of Defense that it does not comply with the secondary Arab boycott of Israel.

(2) The Secretary of Defense may waive the prohibition in paragraph (1) in specific instances when the Secretary determines that the waiver is necessary in the national security interests of the United States. Within 15 days after the end of each calendar quarter, the Secretary shall submit to Congress a report identifying each contract for which a waiver was granted under this paragraph during such quarter.

(3) This provision does not apply to contracts for consumable supplies, provisions or services intended to be executed for the support of the United States or of allied forces in a foreign country, nor does it apply to contracts pertaining to any equipment, technology, data, or services for intelligence or classified purposes, or the acquisition or lease thereof by the United States Government in the interests of national security.

SEC. 9070. Notwithstanding any other provision of law, where cost effective, all Department of Defense software shall be written in the programming language Ada, in the absence of special exemption by an official designated by the Secretary of Defense.

SEC. 9071. Notwithstanding any other provision of law or regulation, the Secretary of Defense may adjust wage rates for civilian employees hired for certain health care occupations as authorized for the Secretary of Veterans Affairs by section 7445 of chapter 74 of title 38, United States Code.

SEC. 9072. None of the funds available to the Department of Defense shall be used for the training or utilization of psychologists in the prescription of drugs, except pursuant to the findings and recommendations of the Army Surgeon General's Blue Ribbon Panel as specified in its February and August 1990 meeting minutes.

SEC. 9073. During the current fiscal year, none of the funds appropriated in this Act may be used to reduce the military or civilian medical and medical support personnel end strength at a base undergoing a partial closure or realignment, where more than one joint command is located, below the September 30, 1991 level.

SEC. 9074. Of the funds made available in this Act, not less than $10,596,000 shall be available for the Civil Air Patrol, of which $4,471,000 shall be available for Operation and Maintenance.

SEC. 9075. None of the funds appropriated or made available in this Act shall be used to reduce or disestablish the operation of the 815th Tactical Airlift Squadron of the Air Force Reserve, if such action would reduce the WC-130 Weather Reconnaissance mission below the levels funded in this Act.

SEC. 9076. During the current fiscal year, withdrawal credits may be made by the Defense Business Operations Fund to the credit of current applicable appropriations of an activity of the Department of Defense in connection with the acquisition by that activity of supplies that are repairable components which are repairable at a repair depot and that are capitalized into the Defense Business Operations Fund as the result of management changes concerning depot level repairable assets charged to an activity of the Department of Defense which is a customer of the Defense Business Operations Fund that became effective on April 1, 1992.

SEC. 9077. (a) Of the funds for the procurement of supplies or services appropriated by this Act, qualified nonprofit agencies for the blind or other severely handicapped shall be afforded the maximum practicable opportunity to participate as subcontractors and suppliers in the performance of contracts let by the Department of Defense.

(b) During the current fiscal year, a business concern which has negotiated with a military service or defense agency a subcontracting plan for the participation by small business concerns pursuant to section 8(d) of the Small Business Act (15 U.S.C. 637(d)) shall be given credit toward meeting that subcontracting goal for any purchases made from qualified nonprofit agencies for the blind or other severely handicapped.

(c) For the purpose of this section, the phrase "qualified nonprofit agency for the blind or other severely handicapped" means a nonprofit agency for the blind or other severely handicapped that has been approved by the Committee for the Purchase from the Blind and Other Severely Handicapped under the Javits-Wagner-O'Day Act (41 U.S.C. 46–48).

SEC. 9078. There is established, under the direction and control of the Attorney General, the National Drug Intelligence Center, whose mission it shall be to coordinate and consolidate drug intelligence from all national security and law enforcement agencies, and produce information regarding the structure, membership, finances, communications, and activities of drug trafficking organizations: *Provided*, That funding for the operation of the National Drug Intelligence Center, including personnel costs associated therewith, shall be provided from the funds appropriated to the Department of Defense for drug interdiction and counter-drug activities: *Provided further*, That of the funds so appropriated for the fiscal year beginning October 1, 1991, $20,000,000 available for the National Drug Intelligence Center may be available to the Secretary of Defense to reimburse the Department of Justice for support provided to the National Drug Intelligence Center: *Provided further*, That section 8083 of the Department of Defense Appropriations Act, 1992 (Public Law 102–172) is amended by striking out "available only for" and inserting "available until expended only for" in lieu thereof.

SEC. 9079. During the current fiscal year, the Navy may provide notice to exercise options under the LEASAT program for the next fiscal year, in accordance with the terms of the Aide Memoire, dated January 5, 1981, as amended by the Aide Memoire dated April 30, 1986, and as implemented in the LEASAT contract.

SEC. 9080. (a) Of the funds appropriated in this Act under the heading Research, Development, Test and Evaluation, Navy, $755,000,000 shall be available until obligated and expended and shall be obligated and expended only for a Phase II Full Scale Engineering Development program for the V–22 aircraft program.

(b) Of the funds made available in Public Law 102–172, under the heading Research, Development, Test and Evaluation, Navy, $790,000,000 shall be available until obligated and expended and shall be obligated and expended only for the V–22 program as further described in subparagraph (c).

(c) Funds described in subparagraphs (a) and (b) of this section shall be obligated as follows:

(1) Not less than $30,000,000 shall be obligated within 30 days of enactment of this Act to continue the existing V–22 Full Scale Engineering Development program;

(2) Not less than $60,000,000 shall be made available to the Navy for obligation within not less than 90 days of enactment of this Act for payment of any government costs to support the V–22 program;

(3) Not less than $1,455,000,000 shall be obligated within 90 days of enactment of this Act to commence a Phase II V–22 Full Scale Engineering Development program which provides not less than six production representative new aircraft which will successfully demonstrate the full operational requirements of the Joint Services Operational Requirement (JSOR) not later than July 1, 1999: *Provided*, That the production representative V–22 aircraft shall be produced on tooling which qualifies production design;

(d) The Secretary of Defense shall provide to the Congress, within 60 days of enactment of this Act, the total funding plan and schedule to complete the definitized Phase II V–22 Full Scale Engineering Development program.

(e) The Secretary of Defense shall include sufficient funds to complete development, manufacture and operational testing of six production representative aircraft produced under the new Phase II V–22 Full Scale Engineering Development Program described above and to procure sufficient V–22 aircraft to meet the operational requirements of the Marine Corps and other services in all Department of Defense future year planning documents and budget estimates.

SEC. 9081. During the current fiscal year, net receipts pursuant to collections from third party payers pursuant to section 1095 of title 10, United States Code, shall be made available to the local facility of the uniformed services responsible for the collections and shall be over and above the facility's direct budget amount.

SEC. 9082. None of the funds in this Act shall be obligated for the procurement of Multibeam Sonar Mapping Systems not manufactured in the United States: *Provided*, That the Secretary of the military department responsible for such procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes.

SEC. 9083. None of the funds appropriated in this Act may be used to fill the commander's

position at any military medical facility with a health care professional unless the prospective candidate can demonstrate professional administrative skills.

SEC. 9084. Of the funds appropriated by this Act for the Defense Health Program, amounts as necessary shall be available (notwithstanding the last sentence of section 1086(c) of title 10, United States Code) to continue Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) benefits, until age 65, under such section for a former member of a uniformed service who is entitled to retired or retainer pay or equivalent pay, or a dependent of such a member, who becomes eligible for hospital insurance benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) solely on the grounds of physical disability: *Provided*, That expenses under this section shall only be covered to the extent that such expenses are not covered under parts A and B of title XVIII of the Social Security Act and are otherwise covered under CHAMPUS: *Provided further*, That no reimbursement shall be made for services provided prior to October 1, 1991.

SEC. 9085. During the current fiscal year, the Secretary of Defense may accept burdensharing contributions in the form of money from Japan, the Republic of Korea, and the State of Kuwait for the costs of local national employees, supplies, and services of the Department of Defense to be credited to applicable Department of Defense operation and maintenance appropriations available for the salaries and benefits of national employees of Japan, the Republic of Korea, and the State of Kuwait, supplies, and services to be merged with and to be available for the same purposes and time period as those appropriations to which credited: *Provided*, That not later than 30 days after the end of each quarter of the fiscal year, the Secretary of Defense shall submit to the Congress a report of contributions accepted by the Secretary under this provision during the preceding quarter.

SEC. 9086. During the current fiscal year, obligations against the stock funds of the Department of Defense may not be incurred in excess of 70 percent of sales from such stock funds during the current fiscal year: *Provided*, That in determining the amount of obligations against, and sales from the stock funds, obligations and sales for fuel, subsistence, commissary items, retail operations, the cost of operations, and repair of spare parts shall be excluded: *Provided further*, That upon a determination by the Secretary of Defense that such action is critical to the national security of the United States, the Secretary may waive the provisions of this section: *Provided further*, That if the provisions of this section are waived, the Secretary shall immediately notify the Congress of the waiver and the reasons for such a waiver.

SEC. 9087. (a) None of the funds appropriated or made available in this Act shall be used to reduce or disestablish the operation of the P–3 squadrons of the Navy Reserve below the levels funded in this Act.

(b) The Secretary of the Navy shall obligate funds appropriated for fiscal years 1991, 1992, and 1993 for modernization of P–3B aircraft of the Navy Reserve on those P–3B aircraft which the Secretary of the Navy intends to keep in the fleet for more than five years: *Provided*, That the provision of section 1437 of the National Defense Authorization Act, 1991 (Public Law 101–510) shall not be considered in, or have any effect on, making any determination whether such aircraft shall be kept in the fleet for more than five years.

SEC. 9088. Notwithstanding section 9003 of this Act, of the $100,000,000 appropriated in section 8105A of the Department of Defense Appropriations Act, 1992 (Public Law 102–172), for payment of claims to United States military and civilian personnel for damages incurred as a result of the volcanic eruption of Mount Pinatubo in the Philippines, $35,000,000 shall remain available for obligation until September 30, 1993.

SEC. 9089. None of the funds appropriated in this Act may be obligated or expended for any contract or grant with a university or other institution of higher learning unless such contract or grant is audited in accordance with the Federal Acquisition Regulation and the Department of Defense Federal Acquisition Regulation Supplement or any other applicable auditing standards and requirements and the institution receiving the contract or grant fully responds to all formal requests for financial information made by responsible Department of Defense officials: *Provided*, That if an institution does not provide an adequate financial response within 12 months, the Secretary of Defense shall terminate that and all other Department of Defense contracts or grants with the institution.

SEC. 9090. (a) Funds appropriated in this Act to finance activities of Department of Defense (DOD) Federally Funded Research and Development Centers (FFRDCs) may not be obligated or expended for an FFRDC if a member of its Board of Directors or Trustees simultaneously serves on the Board of Directors or Trustees of a profit-making company under contract to the Department of Defense unless the FFRDC has a DOD-approved conflict of interest policy for its members.

(b) Funds appropriated in this Act to finance activities of the Department of Defense (DOD) Federally Funded Research and Development Centers (FFRDCs) may not be obligated or expended for an FFRDC until the reports on FFRDCs required by House Report 102–95, Senate Report 102–154, and House Report 102–328 are submitted to the Committees on Appropriations of the House of Representatives and the Senate.

SEC. 9091. None of the funds appropriated in this Act shall be available to comply with, or to implement any provision issued in compliance with, the August 27, 1984 memorandum of the Deputy Secretary of Defense entitled "Debarment from Defense Contracts for Felony Criminal Convictions".

SEC. 9092. None of the funds appropriated or made available in this Act shall be used to procure carbon, alloy or armor steel plate for use in any Government-owned facility or property under the control of the Department of Defense which were not melted and rolled in the United States or Canada: *Provided*, That these procurement restrictions shall apply to any and all Federal Supply Class 9515, American Society of Testing and Materials (ASTM) or American Iron and Steel Institute (AISI) specifications of carbon, alloy or armor steel plate: *Provided further*, That the Secretary of the military department responsible for the procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes: *Provided further*, That these restrictions shall not apply to contracts which are in being as of the date of enactment of this Act.

SEC. 9093. Notwithstanding any other provision of law, no more than fifteen percent of the funds available to the Department of Defense for sealift may be used to acquire, through charter or purchase, ships constructed in foreign shipyards: *Provided*, That ships acquired as provided above shall be necessary to satisfy the shortfalls identified in the Mobility Requirements Study: *Provided further*, That any work required to convert foreign built ships acquired as provided above to United States Coast Guard and American Bureau of Shipping standards, or conversion to a more useful military configuration, must be accomplished in United States domestic shipyards: *Provided further*, That none of the funds shall be used to purchase bridge or machinery control systems, or interior communications equipment, for sealift ships unless the system or equipment is manufactured in the United States or more than half the value in terms of cost has been added in the United States: *Provided further*, That the Secretary of the military department responsible for such procurement of bridge or machinery control systems, or interior communications equipment, may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes.

SEC. 9094. For the purposes of this Act, the term "congressional defense committees" means the Committees on Armed Services, the Committees on Appropriations, subcommittees on Defense of the Senate and the House of Representatives.

SEC. 9095. Notwithstanding any other provision of law, during the current fiscal year, the Secretary of Defense may acquire the modification, depot maintenance and repair of aircraft, vehicles and vessels as well as the production of components and other Defense-related articles, through competition between Department of Defense depot maintenance activities and private firms: *Provided*, That the Secretary shall certify that successful bids include comparable estimates of all direct and indirect costs for both public and private bids: *Provided further*, That Office of Management and Budget Circular A–76 shall not apply to competitions conducted under this section.

SEC. 9096. (a)(1) If the Secretary of Defense, after consultation with the United States Trade Representative, determines that a foreign country which is party to an agreement described in paragraph (2) has violated the terms of the agreement by discriminating against certain types of products produced in the United States that are covered by the agreement, the Secretary of Defense shall rescind the Secretary's blanket waiver of the Buy American Act with respect to such types of products produced in that foreign country.

(2) An agreement referred to in paragraph (1) is any reciprocal defense procurement memorandum of understanding, between the United States and a foreign country pursuant to which the Secretary of Defense has prospectively waived the Buy American Act for certain products in that country.

(b) The Secretary of Defense shall submit to Congress a report on the amount of Department of Defense purchases from foreign entities in fiscal year 1993. Such report shall

separately indicate the dollar value of items for which the Buy American Act was waived pursuant to any agreement described in subsection (a)(2), the Trade Agreement Act of 1979 (19 U.S.C. 2501 et seq.), or any international agreement to which the United States is a party.

(c) For purposes of this section, the term "Buy American Act" means title III of the Act entitled "An Act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes", approved March 3, 1933 (41 U.S.C. 10a et seq.).

SEC. 9097. None of the funds appropriated or made available in this Act or any Act making appropriations for the Department of Defense during the current fiscal year may be obligated for procurement of ball bearings or roller bearings other than in accordance with the provisions of subpart 208.79 of the Defense Federal Acquisition Regulation Supplement (DFARS) as promulgated effective on July 11, 1989.

(TRANSFER OF FUNDS)

SEC. 9098. Notwithstanding any other provision of law, $82,000,000 made available in the fiscal year 1991 Department of Defense Appropriations Act (Public Law 101-511) for "Aircraft Carrier Service Life Extension Program" under the heading "Shipbuilding and Conversion, Navy, 1991/1995" shall be transferred to "Operation and Maintenance, Navy" for a large scale industrial availability, presumed to be 24 months, of the USS JOHN F. KENNEDY at the Philadelphia Naval Shipyard.

SEC. 9099. (a) Within the funds made available to the Air Force under title II of this Act, the Air Force shall use such funds as necessary, but not to exceed $23,270,000, to execute the cleanup of uncontrolled hazardous waste contamination affecting the Sale Parcel at Hamilton Air Force Base, in Novato, in the State of California.

(b) In the event that the purchaser of the Sale Parcel exercises its option to withdraw from the sale as provided in the Agreement and Modification, dated September 25, 1990, between the Department of Defense, the General Services Administration, and the purchaser, the purchaser's deposit of $4,500,000 shall be returned by the General Services Administration and funds eligible for reimbursement under the Agreement and Modification shall come from the funds made available to the Department of Defense by this Act.

(c) The purchase rights under the purchase contract for the Sale Parcel may be assigned to any financially qualified entity, as determined in accordance with existing GSA procedures. The purchaser's withdrawal and reimbursement rights under the Agreement and Modification shall be assigned to any assignee of the purchase rights under the purchase contract for the Sale Parcel (including the purchaser's lenders). The purchaser shall be permitted to purchase the Sale Parcel in stages, and the purchaser's withdrawal and reimbursement rights shall survive pro rata with respect to any portion of the Sale Parcel not purchased.

(d) Notwithstanding any other provision of law, the Air Force shall be reimbursed for expenditures in excess of $15,000,000 in connection with the total clean-up of uncontrolled hazardous waste contamination on the aforementioned Sale Parcel from the proceeds collected upon the closing of the Sale Parcel.

(e) Notwithstanding any other provision of law, the Department of Defense shall convey the Building 442 parcel, the Building 467 parcel, the former P.O.L. storage parcel and the two parcels carved out of the easternmost portion of the Sale Parcel (all of which parcels are contiguous to and surrounded by the Sale Parcel), as well as easements for the location of a temporary flood control levee around portions of the Sale Parcel and such other easements as the Secretary of the Army shall deem appropriate, to the purchaser of the Sale Parcel, without restrictions. The conveyances contemplated by this section shall be for cash and/or interests in real property at least equal in value (as determined by the Secretary of the Army) to the land and interests in real property conveyed by the United States.

(f) The exact acreage and legal description of the property to be conveyed or exchanged under this section shall be determined by surveys that are satisfactory to the Secretary of the Army. The costs of such surveys shall be borne by the purchaser.

SEC. 9100. Notwithstanding any other provision of law, the Secretary of Defense may, when he considers it in the best interest of the United States, cancel any part of an indebtedness, up to $2,500, that is or was owed to the United States by a member or former member of a uniformed service if such indebtedness, as determined by the Secretary, was incurred in connection with Operation Desert Shield/Storm: *Provided*, That the amount of an indebtedness previously paid by a member or former member and cancelled under this section shall be refunded to the member.

(TRANSFER OF FUNDS)

SEC. 9101. During the current fiscal year, not to exceed $60,500,000 of cash balances in the Defense Business Operations Fund shall be transferred to appropriations of the Department of Defense which are available for energy conservation improvement projects under the Department of Defense Energy Conservation Improvement Program: *Provided*, That the authority to make transfers pursuant to this section is in addition to any other transfer authority provided by this Act.

SEC. 9102. Appropriations contained in this Act that remain available at the end of the current fiscal year as a result of energy cost savings realized by the Department of Defense shall remain available for obligation for the next fiscal year to the extent, and for the purposes, provided in section 2865 of title 10, United States Code.

SEC. 9103. The Secretary of Defense is authorized to provide optional summer school programs in addition to the programs otherwise authorized by the Defense Dependents Education Act of 1978 (Public Law 95-561), and to charge a fee for participation in such optional education programs. Optional summer school program fees shall be made available for use by the Secretary to defray the costs of summer school operations.

SEC. 9104. Unobligated balances of the funds appropriated in the Department of Defense Appropriations Act, 1992 (Public Law 102-172) under the headings "World University Games" and "Summer Olympics" in title II of that Act shall, notwithstanding section 8003 of that Act, remain available for obligation until September 30, 1993.

(TRANSFER OF FUNDS)

SEC. 9105. During the current fiscal year, the Secretary of Defense may transfer such funds as are available in the National Defense Stockpile Transaction Fund to the appropriation "Environmental Restoration, Defense".

SEC. 9106. After December 31, 1992, voluntary separation incentives payable under 10 U.S.C. 1175 may be paid in such amounts as are necessary from the assets of the Voluntary Separation Incentive Fund established by section 1175(h)(1).

(INCLUDING TRANSFER OF FUNDS)

SEC. 9107. Amounts deposited during fiscal years 1992 and 1993 to the special account established under 40 U.S.C. 485(h)(2) and to the special account established under 10 U.S.C. 2667(d)(1) are appropriated and shall be available until transferred by the Secretary of Defense to current applicable appropriations or funds of the Department of Defense under the terms and conditions specified by 40 U.S.C. 485(h)(2) (A) and (B) and 10 U.S.C. 2667(d)(1)(B), to be merged with and to be available for the same time period and the same purposes as the appropriation to which transferred.

SEC. 9108. None of the funds available to the Department of Defense in this Act may be used to award a contract for the procurement of four-ton dolly jacks if such equipment is or would be manufactured outside the United States of America and would be procured under any contract, agreement, arrangement, compact or other such instrument for which provisions including price differential provisions of the Buy American Act of 1933, as amended, or any other Federal buy national law was waived: *Provided*, That the Secretary of the military department responsible for such procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes.

(TRANSFER OF FUNDS)

SEC. 9109. The Department of Defense may transfer from amounts appropriated to the Department of Defense for fiscal year 1993 not to exceed $650,000,000 to the appropriate accounts within the Department of Defense for the purposes authorized in the Nuclear Threat Reduction Act of 1992: *Provided*, That obligations made pursuant to the transfer authority provided in section 108 of Public Law 102-229 together with obligations made pursuant to the transfer authority provided in this section shall not exceed a total obligation of $650,000,000: *Provided further*, That the Nuclear Threat Reduction Act of 1992 is hereby amended to authorize up to $50,000,000 of the $650,000,000 in transfer authority to be used for the Multilateral Nuclear Safety Initiative announced in Lisbon, Portugal on May 23, 1992: *Provided further*, That the transfer authority provided in this section shall be in addition to any other transfer authority contained in this Act.

(TRANSFER OF FUNDS)

SEC. 9110. The Secretary of Defense may transfer from amounts appropriated to the Department of Defense for fiscal year 1993 or from balances in working capital funds not to exceed $55,000,000 to the appropriate accounts within the Department of Defense for the purposes authorized in section 109 of Public Law 102-229: *Provided*, That obligations made pursuant to the transfer authority provided in section 109 of Public Law 102-229 together with obligations made pursuant to the transfer authority provided in this section shall not exceed a total obligation of $115,000,000: *Provided further*, That the transfer authority provided in this section shall be in addition to any other transfer authority contained in this Act.

SEC. 9111. (a) None of the funds appropriated or made available in this Act shall be used for the procurement of high purity quartz yarn or fiber, or for any item manufactured from such yarn or fiber or from fused or synthetic quartz rods used to produce high purity quartz yarn or fiber, if such yarn, fiber or rods are not produced in the United States: *Provided*, That the Secretary of the military department responsible for such procurement may waive this restriction on a case-by-case basis by certifying in writing to the Committees on Appropriations of the House of Representatives and the Senate that adequate domestic supplies are not available to meet Department of Defense requirements on a timely basis and that such an acquisition must be made in order to acquire capability for national security purposes.

(b) The Secretary of Defense shall ensure that high purity quartz yarn or fiber produced by domestic sources established by previously appropriated funds for the Defense Production Act are tested for qualification for use or incorporation in the production of weapon systems and in weapon development programs. Systems qualification tests associated with qualifying domestically produced high purity quartz yarn or fiber shall be paid by the responsible weapons system program office.

SEC. 9112. In order to maintain an electric furnace capacity in the United States, preference for the purchase of chromite ore and manganese ore authorized for disposal from the National Defense Stockpile shall be given to domestic producers of high carbon ferrochromium and high carbon ferromanganese—

(A) whose primary output during the three preceding years has been ferrochromium or ferromanganese; and

(B) who guarantee to use the chromite and manganese ore for domestic purposes.

SEC. 9113. (a) None of the funds available to the Department of Defense may be used to implement Defense Management Report Decision No. 944, dated December 9, 1991, concerning Conventional Ammunition, or any revision or successor document, or to carry out any implementing instruction for said directive, revision, or successor document, or to implement any other document of any kind pertaining to conventional ammunition which has the objective of financing conventional ammunition out of any funds other than funds appropriated or available for procurement of ammunition.

(b) The fiscal year 1994/1995 budget request for the Department of Defense, as well as all justification material and other documentation supporting the fiscal year 1994/1995 Department of Defense request shall be prepared and submitted to the Congress as if subsection (a) of this provision were effective with regard to fiscal year 1994/1995. Such budget request, budget material, and budget documentation shall be prepared using the practices and policies followed in preparation of the fiscal year 1992/1993 budget.

SEC. 9114. None of the funds available to the Department of Defense may be obligated or expended for an Abrams tank upgrade program that does not first modify 105mm M1 tanks to a 120mm M1A1, or higher, tank configuration.

SEC. 9115. During the current fiscal year, no funds available to the Department of Defense shall be available in connection with any action within the Department of Defense which would support, or could lead directly to, the purchase or acquisition of LTV Aerospace and Defense Company by any foreign person: *Provided*, That, notwithstanding any other provision of law or any agreement to the contrary, no foreign person may purchase or otherwise acquire the LTV Aerospace and Defense Company. For purposes of this section, the term "foreign person" means any foreign organization, corporation, or individual resident in a foreign country, or any domestic or foreign organization, corporation, or individual, that is owned or controlled by the foreign organization, corporation, or individual.

SEC. 9116. During the current fiscal year, none of the funds available to the Department of Defense may be used to procure or acquire handguns or handgun ammunition unless such handguns are the M9 9mm Department of Defense standard handgun or ammunition for such handguns.

SEC. 9117. If the Secretary of Defense determines that a person has been convicted of intentionally affixing a label bearing a "Made in America" inscription to any product sold in or shipped to the United States that is not made in America, the Secretary shall debar the person from contracting with the Federal Government for a period of not less than three years and not more than five years. For purposes of this section, the term "debar" has the meaning given that term by section 2393(c) of title 10, United States Code.

SEC. 9118. During the current fiscal year, appropriations available to the Department of Defense may be used to reimburse a member of a reserve component of the Armed Forces who is not otherwise entitled to travel and transportation allowances and who occupies transient government housing while performing active duty for training or inactive duty training: *Provided*, That such members may be provided lodging in kind if transient government quarters are unavailable as if the member was entitled to such allowances under subsection (a) of section 404 of title 37, United States Code: *Provided further*, That if lodging in kind is provided, any authorized service charge or cost of such lodging may be paid directly from funds appropriated for operation and maintenance of the reserve component of the member concerned.

SEC. 9119. During the current fiscal year, funds appropriated by this Act may be used for the civilian pay, allowances, and benefits of a National Guard technician who serves on active duty under section 672 (b) or (d) of title 10 (other than active duty during a period of war or national emergency declared by the President or Congress) for participation outside the United States in airlift or refueling operations, and requests and is granted leave under the authority of this section. A technician described in this section may be granted leave without loss of pay, time, or performance or efficiency rating for each day, not to exceed 44 days in a calendar year, of such duty, except that an amount (other than a travel, transportation, or per diem allowance) received by a technician for military service as a member of the National Guard for a period for which the technician is on leave under this section shall be credited against the pay payable with respect to his civilian position for that period. Nothing in this section shall prohibit a technician granted leave under this section who is ordered with his consent to active duty without pay as authorized by 10 U.S.C. 683 from receiving his full civilian pay and benefits.

SEC. 9120. The Secretary of Defense shall enter into negotiations with a uniformed services treatment facility described in section 911(c) of the Military Construction Authorization Act, 1982 (42 U.S.C. 248c(c)), for the purpose of arranging for the facility to assume operation of the Silas B. Hays Army Community Hospital at Fort Ord, California, in a manner consistent with the managed-care delivery and reimbursement model required under section 718(c) of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 104 Stat. 1587). Upon completion of the negotiations, the Secretary shall consider the hospital to be a satellite facility of the uniformed services treatment facility, as described in section 721(a) of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1405), and designate the hospital as a facility of the uniformed services for the purposes of chapter 55 of title 10, United States Code. The Secretary shall complete the negotiations and make the designation not later than September 30, 1993.

SEC. 9121. None of the funds appropriated by this Act or made available to the Department of Defense shall be available to operate, maintain and pay the salaries of the employees assigned or detailed to the Defense Printing Service Management Office.

SEC. 9122. During the current fiscal year, not more than $190,055,000 of the funds appropriated by this Act or available to the Department of Defense shall be available for paying the Administrator of the General Services Administration charges established pursuant to section 210(j) of the Federal Property Administrative Services Act of 1949, as amended, (40 U.S.C. 490(j)) for space and services: *Provided*, That upon a determination by the Secretary of Defense that such action is necessary to meet the needs of the Department of Defense for space and services, upon notification to the Congress, obligations and expenditures in addition to the amount specified in this section may be incurred in appropriations available to the Department of Defense and transfers may be made between working capital funds of the Department of Defense and appropriations for operation and maintenance to the extent necessary for such obligations and expenditures.

SEC. 9123. As of September 1, 1993, none of the funds appropriated by this Act or made available to the Department of Defense shall be available for payment of the compensation of members of the Senior Executive Service assigned to the Department of Defense in excess of 95 percent of such personnel actually assigned to or serving in, the Department of Defense on September 30, 1992: *Provided*, That in making any reduction in the number of such personnel that may be required pursuant to this section the percentage of reductions to career and non-career Executive Service positions shall be applied so that an equal percentage of the reductions to the total number of individuals assigned to such positions on September 30, 1992 shall be equal.

SEC. 9124. During the current fiscal year, supplies, equipment, and material, of a total value not to exceed the amounts specified, shall be issued from the Defense Business Operations Fund, without a requirement for reimbursement, as follows: to the Army, $1,486,000,000; to the Navy, $63,000,000; to the Marine Corps, $39,000,000; and to the Air Force, $448,000,000.

SEC. 9125. None of the funds in this Act shall be used by the Department of Defense or Navy for consolidation of the Naval Biodynamics Laboratory until 90 days after the General Accounting Office has submitted a report to the Committees on Appropriations on the Department of Defense or service plans to consolidate research and development laboratories.

SEC. 9126. The Comptroller General of the United States, in conjunction with the Department of the Navy, shall issue a report no later than July 1, 1992, on the Navy's accounting practices at its nuclear shipyards. The report shall include a detailed review of the Navy's current plan for the handling and disposal of all nuclear materials and radioactively contaminated materials of nuclear powered vessels. The report shall include cost evaluations and projections for the next twenty years based on the current Navy plan.

SEC. 9127. During the current fiscal year, from funds available in this Act, the Director of the Air National Guard shall establish a Command, Control, Communications and Intelligence planning office manned by three full-time Air Guard officers in the rank of O–6, O–5, and O–4: *Provided*, That these officers shall be in addition to the strengths authorized in section 524 of title 10, United States Code.

SEC. 9128. As of September 1, 1993, none of the funds appropriated by this Act shall be available for payment of the compensation of personnel assigned to or serving in the National Foreign Intelligence Program in excess of 98 percent of such personnel actually assigned to or serving in the National Foreign Intelligence Program on September 30, 1992: *Provided*, That in making any reduction in the number of such personnel that may be required pursuant to this section, the percentage of reductions to Senior Intelligence Service positions shall be equal to or exceed the percentage of reductions to non-Senior Intelligence Service positions: *Provided further*, That in making any reduction in the number of such personnel that may be required pursuant to this section, the percentage of reductions to positions in the National Capital Region shall be equal to or exceed the percentage of reductions to positions outside of the National Capital Region.

SEC. 9129. None of the funds appropriated in this Act or made available to the Department of Defense may be used to deposit into the Pentagon Reservation Maintenance Revolving Fund for the purpose of renovation, construction or any other purpose other than the actual and necessary day-to-day operation (including health and safety requirements) of the Pentagon Reservation or for the performance of engineering studies/design for renovation of the existing Pentagon structure. Not later than March 1, 1993, the Secretary of Defense shall submit to the Committees on Armed Services and Appropriations of the House and Senate a report setting forth (1) a revised renovation program for the Pentagon Reservation limited to concerns of health and safety; and (2) a construction schedule with an associated cost estimate based upon normal construction procedures which eliminates additional costs for expediting construction.

SEC. 9130. None of the funds appropriated or otherwise made available in this Act may be used to promulgate or enforce the policy of the Department of Defense enunciated in the memorandum for the Secretaries of the Military Departments that became effective October 1, 1988, prohibiting non-funded abortions in military medical treatment facilities outside the continental United States, or any other policies having the same substance.

Mr. MURTHA (during the reading). Mr. Chairman, I ask unanimous consent that the bill, through page 119, line 2, be considered as read, printed in the RECORD, and open to amendment at any point.

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The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. Are there any points of order on the bill?

The Chair hears none.

Mr. MURTHA. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto conclude no later than 1:30 p.m. today.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there is a lot happening within the appropriations process which disturbs me, particularly as Congress begins to chip away at the research and development base in this country, the technology base on which we will built the future. This committee has attempted to do its best to see to it that that has not happened.

I have one concern, and it is really not this committee's fault in what comes before us today, but the one concern I have is that there was not money included in this bill for the SP–100 program, the SP–100 being a development program of a nuclear reactor that could be used in space based kinds of applications.

Mr. Chairman, this bill does not include that, but I must say the Defense Department did not ask for the money for it, and that is a disappointment to me because the Defense Department does, in fact, have a memorandum of understanding where it is to work with NASA and the Department of Energy in developing the reactor. So, that is not the committee's problem but it is a loss to the technological base in this country not to fund the SP–100 program.

On the other hand, Mr. Chairman, I will say that this committee does have within the bill several programs that it is funding which are extremely important to the national future. I would in particular to the National Aerospace Plane. This subcommittee is really leading the way in assuring that the National Aerospace Plane stays in place, and let me tell my colleagues what I think the importance of that project is.

This country has provided aeronautical leadership for the world for the last 75 to 100 years. We are the place, of course, where airplanes were developed, but not only that, we have always maintained our edge. We have done that by developing experimental airplanes that have led to the next generation of materials, the next generation of engine technologies, the next generation of aeronautics of one kind or another.

Mr. MURTHA. Mr. Chairman, will the gentleman yield on that point?

Mr. WALKER. I yield to the gentleman from Pennsylvania.

Mr. MURTHA. Mr. Chairman, I just want to compliment the gentleman from Pennsylvania [Mr. WALKER] for his support of what I consider one of the most important technologies in this country today. One of the reasons we are ahead in aerospace technology is because of people like the gentleman who have been in the forefront in making sure that the research money is available.

So, Mr. Chairman, I say to the gentleman, that I appreciate the work that you have done in this committee in its entirety. I have supported this position. Even though the funds get tighter, we think this kind of funding is absolutely essential to our national defense.

Mr. WALKER. Mr. Chairman, I thank the gentleman from Pennsylvania [Mr. MURTHA] for that leadership because in all honesty in other sectors of the Committee on Appropriations we have not seen that kind of vision and foresight, and this subcommittee literally has led the way on this project and has assured that we keep this kind of program in place. I thank the gentleman for it because I think the Nation in the next century is going to benefit from the kind of leadership that he has shown.

That is also true in another project which this committee is moving toward, and that is called SSTO, and that stands for single-stage-to-orbit technology. This committee is going to permit that kind of technology to go to demonstration.

What does that mean for the future? It may well be that this will provide the technology that will allow us for the first time to do very economical lifts to orbit. We are not certain yet; it is a demonstration program, it is a research project. But if it proves out, this may be the way to space which assures that, not only does it have military applications, which of course this subcommittee is interested in, but it will have civilian applications both for manned space and for lifting loads of economic interest to the country such as communication satellites and that kind of thing.

So, Mr. Chairman, it is a very important technology that this committee has decided to fund.

Mr. MURTHA. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Pennsylvania.

Mr. MURTHA. Mr. Chairman, I just want to say that the gentleman from California [Mr. ROHRABACHER] came to me about the particular technology. We let him read our S&I report, and he came back and asked that we go forward with the project, and in conference we are going to attend to his request because I know that the gentleman and you know more about that program than we do, and we defer to your expertise in that field.

Mr. WALKER. Mr. Chairman, I thank the gentleman from Pennsylvania [Mr. MURTHA] for that, and the gentleman from California [Mr. ROHRABACHER] has been in the forefront of that, and I thank the gentleman for working with him.

Finally one area where this committee has moved ahead is in the space nuclear propulsion area in assuring that, as we look towards perhaps deep space applications for manned exploration or other kinds of activities, that we may have, in fact the new generation of space engines based upon nuclear propulsion that would be available to us.

So this subcommittee really has in a very tight money situation seen fit to develop some of the high tech initiatives to drive the station toward the future. For the American people that is much appreciated because our jobs for the future depend upon developing those technological innovations. This committee, I think is moving toward that direction. I thank them, and I certainly am in support of their efforts.

Mr. NATCHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, on behalf of our chairman, the gentleman from Mississippi [Mr. WHITTEN], I want to commend this subcommittee on the bill that is now before the committee. The gentleman from Pennsylvania [Mr. MURTHA], the chairman of the committee, the gentleman from Pennsylvania [Mr. MCDADE], the ranking minority member of the subcommittee and every member of this subcommittee, Mr. Chairman, have worked hard to bring this bill before us at this time.

I would like to call attention to the fact that the bill contains, as our chairman has said, $252.7 billion. This is $3.8 billion below the section 602(b) allocation. This is an excellent bill. On this subcommittee we have an excellent staff, Mr. Chairman, just like we do on all 13 of our subcommittees on appropriations.

Mr. Chairman, passage of this bill today will mean that we have passed now in the House 7 of our 13 bills. Ten of our bills have been approved and reported out of the full Committee on Appropriations.

Mr. Chairman, at one time in bringing out the bill that appropriates the funding for Labor, Health and Human Service, and Education, I thought we had established a right good record here in the committee about bringing that bill and passing it in 1 hour and 56 minutes. The chairman of this subcommittee and the ranking member of this subcommittee not too long after that brought this, the largest appropriation bill of the 13 out, and passed it in 1 hour and 10 minutes.

Now think about it, Mr. Chairman. It shows not only that they bring out good bills, but they know what is in the bill, and they know how to pass it.

Mr. Chairman, I sincerely believe as one Member of this Congress that this is a real important bill. As my colleagues know, we have trouble all around the world still, and when we hear people say we ought to go into the defense appropriation bill and cut out another $30 billion or another $40 billion, we ought to keep in mind, Mr. Chairman, that, if we want to remain the strongest country in the world, bills like this one should protect our country. When we bring our bill in here, the one that I am chairman of, we say to the people in this country, "If you take care of the health of your people and educate your children, you continue living in the strongest country in the world."

On behalf of my chairman, the distinguished gentleman from Mississippi [Mr. WHITTEN], I want to thank every member of this subcommittee and their staff for an excellent bill.

□ 1130

Mr. PANETTA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as I have done with other appropriations bills, I want to rise in support of the Department of Defense appropriations bill. This is the seventh of the 13 annual appropriations bills to be considered by the House.

This bill, like the others, comes in below the 602(b) spending subdivisions that were provided. The bill provides $252 billion in discretionary budget authority and $263 billion in discretionary outlays. That is $3.8 billion less than the spending subdivision in 602(b) that was provided for the subcommittee in the budget authority and $3.6 billion below in estimated outlays.

I also want to point out that if we compare it to last year's levels—and I think that is important to do as well—we are looking, in regards to budget authority, to a bill that is $17 billion less than what was provided in budget authority last year and almost $10 billion to $11 billion less with regard to outlays.

That is not easy. We have all understood that the world is changing, and that the cold war is over, but it also represents a challenge to the committees and to all the Members that as we make this transition, we do it in a way that protects our national security and also provides for conversion to take place.

I want to in particular commend the chairman of the Committee on Armed Services, the gentleman from Wisconsin [Mr. ASPIN], and the chairman of this subcommittee, the gentleman from Pennsylvania [Mr. MURTHA], and his ranking member. Both Mr. ASPIN and Mr. MURTHA have been very helpful as we have tried to develop a rational defense path here in terms of savings. This is not an easy challenge. I think all of us understood that when there was a lot of feeling that we were going to have a huge peace dividend that could be spent easily, everybody needed to look at the facts and look at the tough challenges with regard to what kind of defense path we wanted to go in and what kind of efforts needed to be made with regard to conversion as we were facing these transitions. There are jobs involved here, there is an impact upon the economy, and there is an impact on people. That is the reality of dealing with these kinds of very though choices. Yet this subcommittee, as well as the Committee on Armed Services, have done, I think, an outstanding job in confronting these choices that needed to be made.

So I want to commend the subcommittee. I want to commend in particular the gentleman from Pennsylvania [Mr. MURTHA] for what he has done here in terms of investment. There is an economic investment piece here that does provide for help in trying to ease the transition for communities, industry, and personnel in assisting this build-down. It is not easy, but it is a challenge, and hopefully this Congress and this House will face as we approach the future.

[Fact Sheet]

H.R. 5504, Department of Defense Appropriations Bill, Fiscal year 1993 (H. Rept. 102–627)

The House Appropriations Committee reported the Department of Defense Appropriations bill for Fiscal Year 1993 on Monday, June 29, 1992. This bill is scheduled for floor action on Thursday, July 2, subject to the adoption of a rule.

COMPARISON TO THE 602(B) SUBDIVISION

The bill provides $252.5 billion of discretionary budget authority and $263.9 billion of discretionary outlays. This bill is below the discretionary budget authority and outlay subdivisions by $3.8 and $3.6 billion, respectively.

The table below compares the bill's spending with the equivalent breakout of the 602(b) spending defense subdivision:

DISCRETIONARY SPENDING SUBDIVISION

[In millions of dollars]

	DOD appropriations bill	
	Budget authority	Outlays
Discretionary	252,485	263,934
Mandatory[1]	169	169
Total	252,654	264,103
	Appropriations Committee 602(b) subdivision	
	Budget authority	Outlays
Discretionary	252,261	267,486
Mandatory[1]	169	169
Total	256,430	267,655
	Bill over (+)/Under (−) 602(b) subdivision	
	Budget authority	Outlays
Discretionary	−3,776	−3,552
Mandatory[1]	0	0

	Bill over (+)/Under (−) 602(b) subdivision	
	Budget authority	Outlays
Total	−3,776	−3,552

[1] Conforms to Budget Resolution estimates of existing law.

Note.—BA=New budget authority; O=Estimated outlays.

PROGRAM HIGHLIGHTS

The following are the major program highlights for the DOD Appropriations Bill for Fiscal Year 1993, as reported:

[In billions of dollars]

	Budget authority	New outlays
Military personnel	76.9	73.2
Procurement	55.6	9.2
Operations and maintenance	71.7	56.7
Research and development	38.8	20.8

The House Appropriations Committee filed the Committee's subdivision of budget authority and outlays on June 11, 1992. These subdivisions are consistent with the allocation of spending responsibility to House committees contained in House Report 102-529, the conference report to accompany H. Con. Res. 287, Concurrent Resolution on the Budget for Fiscal Year 1993, as adopted by the Congress on May 21, 1992.

Mr. ASPIN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like at this point to enter into a colloquy with the distinguished chairman of the Subcommittee on Defense of the Appropriations Committee.

This year, Mr. Chairman, our two committees appear to have taken a rather different approach with respect to the problems of naval aviation. We have taken a position that allows us to make choices about the future of tactical aviation and not make an estimate now that may turn out in the long run to be wrong. In particular, the authorization committee of the House, as approved by the House, has accepted a plan to specify robust prototyping for both the Navy FA-18 E/F and the Navy A-X attack air aircraft.

What is the view of the chairman of the subcommittee of the Appropriations Committee on this matter?

Mr. MURTHA. Mr. Chairman, if the gentleman will yield, I just want the chairman of the Armed Services Committee, the gentleman from Wisconsin [Mr. ASPIN] to know how we have tried to mirror almost everything that he has done in the Committee on Armed Services, and as the gentleman and I have said over and over again, we have worked very closely on the results of our two bills.

In this particular case we felt it was in the best interest of the Defense Department to give them another option, and then we put some money in for the F-14 to make a choice, and hopefully by the time the gentleman goes to conference and make a final decision on what is going to happen, we will be able to consider his action. Our committee, even though it was unanimous in its position on the way we did it, understood why you are trying to give the Navy another option. So we are very considerate of the gentleman's position, and we certainly want to consider what he did when we go to conference.

Mr. ASPIN. Mr. Chairman, I thank the gentleman, and I do want to commend him and commend the members of his committee and our committee in working it out so we are at least united on some of the major issues. I appreciate the assurances that whatever we do in the authorization conference on this very important attack-air matter will be considered by your committee and your conference.

There is one other issue I just wanted to make sure we clear up, and that is this issue of the defense reinvestment. As the Members of the House here know, it was part of the budget resolution that there was $1 billion set aside for defense reimbursement, and what we would like to know is whether you are as committed to the defense reinvestment. The gentleman has a different version in his bill, and so we would just like to know what his views are on that when we go to conference.

Mr. MURTHA. Mr. Chairman, I remember asking the gentleman about the issue when he was on the floor. We like what you did. However when it comes out of conference, and we feel that this is an area of responsibility of the Committee on Armed Services, we are going to cooperate in every way to fund whatever you come out of conference with.

Mr. ASPIN. Mr. Chairman, I appreciate that comment.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I want to say to the chairman that I have been a skeptic on this reinvestment issue until after the work of the Committee on Armed Services, and I think it targets the work of trying to get the workers retrained, and the approach that has been taken answers many of my particular concerns.

I just want to commend the committee. I think the approach here which takes this kind of tack and deals with many of the high-technology issues we are going to face in a more competitive world environment is the right approach, and I think we ought to be supportive of this.

Mr. ASPIN. Mr. Chairman, I appreciate the gentleman's comments, and I appreciate the comments of the gentleman from Pennsylvania [Mr. MURTHA].

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I am happy to yield to the gentleman from California.

Mr. CUNNINGHAM. Mr. Chairman, I thank the gentleman for yielding.

I would like to speak in terms of the F-18E/F that the gentleman talked about, and I would like to thank the chairman for being so helpful on the issue.

I would hope that our committee and those Members in the conference, and with the gentleman from Pennsylvania [Mr. MURTHA], were to get off the dime one way or the other, that if we do not fund the F-14, then we need to get on with the F-18E/F, or the delay where we pick up the F-18E/F with an A-X will mean the demise of naval aviation and we will not have the procurement dollars to do that.

My only fear is that, although I do not support the F-18E/F, if we do not support the F-14 throughout, we have got to do something, Mr. Chairman, because otherwise we will kill naval aviation.

Mr. MURTHA. Mr. Chairman, will the gentleman yield further?

Mr. ASPIN. I yield to the gentleman from Pennsylvania.

Mr. MURTHA. Mr. Chairman, I have to say after talking with the gentleman from California and with the gentleman from New York [Mr. HOCHBRUECKNER], we left the third option in. Nobody has more respect for the gentleman's experience as a combat pilot than I do, and combined with the opinions of our engineer, the gentleman from New York [Mr. HOCHBRUECKNER], the gentleman's opinions carried a lot of weight in our committee when we made the decision to add extra money for the F-14.

Mr. CUNNINGHAM. Mr. Chairman, I thank the gentleman.

Mr. ASPIN. Mr. Chairman, I thank the gentleman.

Let me just say to all my colleagues here that we do need to move ahead with this air program of the Navy, this naval aircraft program, but I think it is very important that we do it in such a way that it accomplishes two things.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. ASPIN] has expired.

(By unanimous consent, Mr. ASPIN was allowed to proceed for 3 additional minutes.)

Mr. ASPIN. Mr. Chairman, to continue, there are two things we feel are important here. First that the program be affordable. In other words, if we are going to the F-18E/F and the A-X, we ought to make sure that is affordable. It is not at all clear that the Navy's program is affordable.

Second, we want to make sure that if we do have an affordable program, we get the best program. I happen to think we still need a strategic bombing mission that comes off the carriers, but that is at the core of this debate.

So I would just like to commend the gentleman from Pennsylvania [Mr. MURTHA] again for his cooperation on these major issues and for his assurances on these two issues that we are talking about, which is the Navy TECAIR and the reimbursement package.

Mr. Chairman, let me at this point yield to the gentleman from Ohio [Mr. KASICH].

□ 1140

Mr. KASICH. Mr. Chairman, I would just like to, for a second, associate myself with the remarks of the gentleman from Wisconsin, Chairman ASPIN. What we do not want to find ourselves in is a position where we as a Congress have no choice, that we go forward with the EF because the Navy would like to get that thing cooking so it reaches a point where we cannot make a choice between that or perhaps some other aircraft—like the gentleman from California [Mr. CUNNINGHAM] has suggested—and clearly we are going to go forward with an AX. The question is, what can we afford? We do not want to get ourselves put into a position where we have no choice, too many decisions were made, and we just do not have any choices to make at that point.

So I think we are proceeding—and I must say, on a bipartisan basis—in the Armed Services authorizing committee, we are proceeding in a way in which we can have some prototypes and we can get ourselves in a position where we do not have too many things put on our plate with an inability to make good decisions at a later point in time.

I want to commend also the chairman of the Committee on Appropriations for his incredible working relationship with the authorizers, and the gentleman from Pennsylvania [Mr. MCDADE], as well, and I want to support the gentleman from Wisconsin [Mr. ASPIN], the chairman, in this.

Mrs. SCHROEDER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I just wanted to rise to say how I, and many others, thank the gentleman from Pennsylvania [Mr. MURTHA] for his incredible leadership during this difficult period we have been going through with the military, on whether or not our service women are going to be considered equal or not.

I think when women were let into the military we went through a long period where a lot of the military did not want them, and so the message was, the culture did not have to change, women had to accept it the way it was. The gentleman from Pennsylvania has been absolutely out front every day of the week saying that is nonsense. He has had a very distinguished military career, and he knows that one can have a distinguished military career and can be part of a strong fighting force, and yet not have to abuse or take on women. That is not part of the code.

Therefore, I must say to the gentleman from Pennsylvania [Mr. MURTHA], he has been a true officer and a gentleman, and he has been a true leader in this area. I really salute him.

This is a time where, with the Voting Rights Act and everything, we have been going through a debate in this country about can anyone represent women but women, can anyone represent African-Americans but African-Americans, can anyone represent Hispanics but Hispanics, and men but men. Let me tell the Members, representative government comes apart if that happens. However, the gentleman from Pennsylvania has done a much better job of representing women than any of the women here could because of his position, and he has listened to them and he has been a very, very important advocate. I think people listen to him even more than us, because they say, "There go those women again," but they are hearing the gentleman from Pennsylvania, and I just want the American men and women to know what a terrific job he has been doing, and representative government is working here. I thank the gentleman from the bottom of my heart.

Mr. MAZZOLI. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I am delighted to yield to the gentleman from Kentucky.

Mr MAZZOLI. Mr. Chairman, I thank the gentlewoman for yielding.

Earlier today, in a 1-minute, I said words to the effect that I want to thank the gentlewoman from Colorado [Mrs. SCHROEDER] for bringing this up, and again, I want to salute the gentleman from Pennsylvania for very sharply defining the issue. It may be what some would call a sort of undifferentiated penalty that he is wreaking, but I think it will have the intended result.

Mrs. SCHROEDER. Absolutely, and I cannot say enough about that, because in this important debate we really know so often we are not heard, and those pleas have been heard and he has been at them.

Mr. MAZZOLI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in very strong support of the bill, and I would like to salute the gentleman. As had been said earlier today and just a moment ago by the gentlewoman from Colorado [Mrs. SCHROEDER], the gentleman from Pennsylvania [Mr. MURTHA] has invoked a very, very stern sanction on the Navy for the failure of its leadership to show leadership, in going to the heart of the indignities that the 26 military women suffered in the Tailhook convention last year in Las Vegas. As I said earlier on the floor, it was not just the 26 military women who were embarrassed and assaulted and demeaned in Las Vegas, it was all military women, and, without much of an extension, it was all women, whether military or nonmilitary.

I thank the gentleman, and I believe in thanking him I do so for all Members of the House, for having very sharply focused on the issue. It may be a fairly random penalty, it may be that there are certain ways to more narrowly target the offenders later in the process, but I think the gentleman's decision to make a very broad-brush approach to a very desperate problem I think is very supportable, and I want to thank him for doing that.

I would also like to thank the gentleman from Pennsylvania [Mr. MURTHA] for his leadership on the overall bill. These are, as has been said earlier, difficult times in Defense, and there is a need to have a person like the gentleman to try to make the judgments as we move from wartime to peacetime.

I would like to thank him for having included in this bill $7.9 million to fund, on a continuing basis, the Advanced Gun Weapons System Technology Program, which is located at the Naval Ordnance Station, which is in Louisville, KY, my district. This, as the gentleman knows, is research to prevent obsolesence in the Navy's gunfire capability. It is also to start development on technologies we would use in the 21st century. It also has the ability, in the more near term and the immediate sense, to improve existing gunfire systems, both the offensive category as well as the defensive category on the various ships.

In the years that I have represented Louisville and represented Naval Ordnance Stations Louisville, I have been very proud of the activities done by both the military and the civilian personnel, the 2,500 men and women who work at Naval Ordnance. And, I want to thank the gentleman for his continuing recognition of their professionalism and of their patriotism in having funded this gun technology program.

Mr. CUNNINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to associate myself with the remarks of the previous speaker. Last night, Mr. Chairman, I heard a Member from the other side of the aisle address the subject of Tailhook. I would like to commend him, because in that address during special orders the gentleman spoke to the many men, the hundreds and thousands of men and women of all services that serve honorably in our Armed Forces that were not a portion of the festivities that took place or among the guilty. Unfortunately, they have been tarred and feathered or painted with the same brush that many of the perpetrators did.

I would like to commend Paula Coughlin, who is one of the young ladies. They say she was sexually abused. In my opinion, I would carry it further. I think she was criminally abused, and I think that the perpetrators ought to be found guilty and brought forward. However, I am sorry to see the Secretary of the Navy, Secretary Garrett, resigning. He has been an honorable man, but unfortunately, within the

armed services people have taken responsibility for the people underneath them, and Secretary Garrett followed that, although I disagree with it.

I would like to make a public statement that I think that Secretary Garrett has been helpful to both sides of the aisle, supportive of women's rights and of men's rights in the Department of Defense. I would also hope that in the future, I would say, there have been talks about firing entire lines of commands from commanders. How far do we go on this? Do we need to find out who the guilty were? Absolutely. Was Paula Coughlin abused? Even more than abused, the answer is "yes." But I think we need to be very careful that we do not tar and feather honorable people that represent this country and have represented this country faithfully.

Second, I would again laud the members of this subcommittee for their work on the defense appropriations. However, I am not naive enough not to know the liberal leadership of this country, and I would hope that the members of this subcommittee would direct in the amendments, the President has cut 30 percent out of Defense, and I have heard some honorable statements, such as from the gentleman from Kentucky [Mr. NATCHER] and so on, but we cannot cut more out of our defense without affecting the rest of the country.

□ 1150

Until we pass the President's jobs bill, the conversion package of the chairman, LES ASPIN, will not do any good. We have hundreds of thousands of people being laid off and no jobs. So we need to work to that end.

At the same time, industry is attempting to convert from defense industry. But there is no one in this body, I would think, who would believe that we are not going to be in a conflict within the next 20 years, and we need to prepare for that. The 30 percent cut of the President allows for that and still gives this country the protections that we need.

Please, fight the liberal leadership in trying to cut this even further. Russ ia has an aircraft called SU-27. It has a missile called Long Burn Alamo which is far superior to even our AMRAAM missile that is coming down the pike. They are stealthing their ships, they are dropping nuclear class submarines, and yes, there is still a threat there.

Can we reduce? Yes, we can, and we are doing that at a rate based on what the real threat is out there and how fast our commercial institutions can transfer over from defense initiatives.

Mr. Chairman, I am in support of this bill, and I thank the gentlemen from Pennsylvania, Mr. MURTHA and Mr. MCDADE, for doing such a fine job. But I do caution this body again, there will be those liberal left-wingers that try to cut the defense of this country, and I will fight them.

AMENDMENT OFFERED BY MR. PENNY

Mr. PENNY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PENNY: Page 37, after line 10, insert the following caption:

(INCLUDING RESCISSION)

Page 38, after line 10, insert the following: "Of the funds made available under this heading in the Department of Defense Appropriations Act, 1992 (Pub. L. 102-172; 105 Stat. 1150, 1166), $25,000,000 for the Arctic Region Superconducting Center is rescinded."

The CHAIRMAN. Under the rule, the gentleman from Minnesota [Mr. PENNY] will be recognized for 10 minutes, and a Member opposed will be recognized for 10 minutes.

Is the gentleman from Alaska opposed to the amendment?

Mr. YOUNG of Alaska. Absolutely opposed, Mr. Chairman.

The CHAIRMAN. The gentleman from Alaska [Mr. YOUNG] will be recognized for 10 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment would rescind a project funded in last year's defense appropriation bill. The project has to do with a supercomputer for the University of Alaska.

This project has not been approved through normal procedures. It has not been authorized by the appropriate committee here in Congress. It is not subject to the peer review process that governs the award of research projects of this nature in most instances. It is not a project that has been deemed a priority by anyone in the scientific community.

It was placed in this bill last year at the request of the Senator from Alaska [Mr. STEVENS]. The funding amounts to about $25 million to purchase this supercomputer system. The argument made in favor of the system by its author is that it would support research pertaining to the aurora borealis. The notion is that we can somehow capture or harness the energy of the northern lights, bring that energy down to Earth and provide some useful application thereto.

Again, no one in the scientific community believes this to be an item of importance to America's future, or an item of importance in terms of the scientific benefits that would accrue from such research.

There is also a serious question as to whether we need to spend money for this kind of a supercomputer at this particular university. These supercomputers are to be located at several universities across the country today. They are available broadly and one can make a contractual arrangement to participate in the use of supercomputers at another location. There is little available evidence to demonstrate that such a system needs to be purchased and placed at the University of Alaska.

It should be noted that Citizens Against Government Waste and many other organizations that monitor Federal spending with an eye toward pork barrel spending have identified this project as one of the most egregious examples of pork barrel spending on the books. For that reason, earlier this year I introduced a specific bill to rescind funding for this project.

I appreciate the fact that the Rules Committee made in order an amendment to this bill which would allow us to rescind this project, and I would urge my colleagues to accept the amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. YOUNG of Alaska. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, there is an old saying about being penny wise and dollar foolish. I am going to change that to being penny dumb to dollar wise.

In the first place, this has nothing to do with the aurora borealis or the northern lights. This in fact is an effort to buy supercomputers that will be stationed at the University of Alaska with the support of the State of Alaska of over $5 million.

It is ironic to me that the computers themselves are made in the district of the gentleman from Minnesota, or next to his district in Minnesota. The money to be spent that he is cutting, he is cutting from his State, and I commend him for that. That means that the people that work in Minnesota will be further unemployed. And I do commend him for it and for cutting jobs from his people. It costs no jobs in Alaska. This money is being spent in his State. We are talking about buying computers and putting them in our State, and remember these computers are supercomputers and there are three of them, not just one, three of them to be purchased and put around the United States to study, and especially in the Arctic, the warming effects on this Nation, the effect upon the environment, and what we can study on what has happened in the past, what we can project in the future for the good of mankind. It is for research. Yes, it is at the University of Alaska.

There has been no objection from any of the scientific community. In fact, there has been, contrary to the gentleman's statement, great support from the scientific community for these computers.

It is ironic to me that this computer is not just, as he said, for the aurora borealis. In fact, that has nothing to do with it. It is for the Defense Department. Everybody in the Federal agencies will have access to these computers, and it is just the advanced stage of the computer system. I will be truth-

ful. It probably will be stationed in Washington, DC, and we can study the hot air effects. There is enough of that around here.

But what we are talking about is the Arctic, and the future of America is in the Arctic. It is where our resources are in the fossil fuels, the minerals, and even the food chain. We are the only nation that does not understand that. Russia, the Soviet Union has extensive study going on in the Arctic. We had hopes that the supercomputer could combine with some of their studies. Iceland, Greenland, Canada are all working to study the Arctic. In fact, we have an Arctic Commission now. It has always been the Antarctic.

But the future of this Nation, to protect it from the warming effects—if it is happening—to identify the results and why it is occurring, were to be conducted through this computer, through the University of Alaska. And unfortunately, the gentleman recites, as usual, those who do not do a great deal of studying. It is popular on TV, we are going to cut the pork. And I will say it is Minnesota pork. So I am happy for the gentleman. If he wants to cut jobs out of his State, put his people out of work, not study for the future, not protect this Earth or the so-called environmental damages, not understand where we are going, congratulations, you are an extremely great legislator for doing nothing.

This is a bad amendment, and I will say this amendment will not survive. The committee came out with a good bill, and I expect a good bill to come back to the floor. So the gentleman can have all of the wishes he wants. He can go back to his so-called taxpayers' unions and all of the other groups of people, and he can go out and say look what I have done. And I congratulate him for costing jobs in Minnesota. He has done an exceptionally good job of making his people be out of work.

□ 1200

Mr. YOUNG of Alaska. Mr. Chairman, I yield back the balance of my time.

Mr. PENNY. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Chairman, I rise in support of Mr. PENNY's amendment to rescind the $25 million appropriated in fiscal year 1992 for the Arctic region supercomputer at the University of Alaska. This project is a classic example of what happens when a spending project calling for science research bypasses the basic appropriation and authorizing procedures of this House.

It becomes an embarrassment because it was never authorized, not subject to hearings, not competitively awarded, not subject to science peer review. Most of the time, science research projects which have been put thru the customary budget and authorizing procedures will not boomerang to cause this body ridicule and embarrassment.

Sponsors of the project claim the supercomputer would be used to harness the energy of the aurora borealis and bring it to Earth to augment our energy supplies. Because no scientific peer review has been done to evaluate the proposal, however, we do not really know if there is any hope of achieving such a high-minded goal. After being asked to evaluate the project—after the funds had already been appropriated—several respected scientists have said the project is unworkable at best, and wacky at worst. Robert Park of the American Physical Society stated in a letter to Congressman PENNY that:

> The $50 million or so devoted to this program so far supports basic research of such low priority that it had no prospects of funding under any sort of competitive peer review.

He goes on to state that—

> Any process for allocating scientific funds that does not include a serious, competent, and objective evaluation of the quality of the science is going to result in lower-quality science overall. The public should not be asked to support less than the best science available; the substitution of political clout for serious evaluation makes that result inevitable.

I know I have stood on this floor and said it again and again, but I must remind my colleagues that we are in the midst of a terrible budget crisis which is impeding our ability to support national priorities on a variety of fronts, including housing, education, health care, and infrastructure development. We have a $4 trillion national debt and will add a half-trillion in new debt to that figure both this year and next.

It is no longer possible in the face of those staggering numbers that we continue to fund projects which have not been duly reviewed—that have not undergone hearings, peer evaluation, and competitive bidding. There is much talk in this body about the decline in American competitiveness—the Science Committee, on which I sit, just marked up a bill to address the issue. Spending our limited dollars on science projects which have not been duly reviewed and evaluated is completely irresponsible when we so obviously need quality basic research. You get what you pay for and we will have no one to blame but ourselves if we purposely allocate limited research dollars for such pie-in-the-sky projects.

Mike Kinesly recently wrote that there is a bit of hypocrisy in us all. We all hate the deficit in general but specifically we love the Federal largesse which come to our district. Thus, Members of both sides of the aisle cater to this hypocrisy. In fact, at times this body seems to circle our wagons to protect one of our body whose district might suffer the loss of some Federal spending in that district, despite the fact that the spending has no national significance to justify it. Indeed, the other day I was criticized on the floor of this House because I sponsored an amendment to cut spending of a research project which would have benefited a project in my State—and for the same reasons I oppose this research project—it never went through the rigorous budget and appropriations processes of this body. I understand and accept such criticism. But today, with the fiscal crisis facing the Federal Government, all of us, it seems to me, must not try to avoid procedures of this House which are designed, as best we can, to assure the people of this Nation that we shall spend only for programs which have a significant national purpose.

For these reasons, I support the Penny amendment.

Mr. PENNY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I believe the merits of the amendment are well understood, and I would ask for favorable consideration.

The amendment rescinds $25 million earmarked in the fiscal 1992 Defense Appropriations Act for a supercomputer at the University of Alaska.

Background: In the fiscal 1991 Defense authorization bill the Strategic Environmental Research and Development Program [SERDP] was established as a way to apply defense resources to environmental problems. For the most part, SERDP itself was noncontroversial. Funds were to be awarded to worthy researchers to study environmental needs; $25 million was earmarked in the fiscal year 1992 Defense Appropriations Act for a supercomputer center at the University of Alaska, without specific authorization and in violation of agreement among the authorizing and appropriations committees that only competitively awarded grants would be made.

The Senate author of this earmark claimed on the Senate floor that this money would fund research to "harness the power of the aurora borealis [the northern lights] and bring it down to earth." Scientists at the University of Alaska, on the other hand, have publicly stated that harnessing the energy of the northern lights was never an objective of this project. Critics at the Energy Department, NASA, and the Department of Defense have raised many questions about this project that have for the most part gone unanswered.

The science community has called this project a big waste of dollars. The executive director of the American Physical Society, Dr. Robert Park, wrote me in April: "The concept of extracting usable energy from the aurora is totally wacky." Dr. Park went on to say: "The important thing is that this sort of waste is the inevitable consequence of a system that allows funds to be earmarked for research projects in the absence of merit review by qualified and disinterested experts." An employee of the University of Alaska—familiar with the project—wrote "*–*–* I agree with you 100% concerning the lack of need for a supercomputer."

In a cover story in the Washington Post Magazine late last year entitled "Pork In the

Sky," Professor Wong, one of the scientists involved in this research, was quoted as saying "Professor Akaasofu [the Director of Geophysical Institute at the University of Alaska] and myself have never claimed it was a way of taking energy to the ground." Critics in the Defense and Energy Departments and NASA have repeatedly raised serious reservations about the aurora borealis project that have mostly gone unanswered.

While DOD and Energy has negotiated with the University of Alaska to find a more suitable use for these funds, they have yet to award the $25 million grant, and questions remain. And, importantly, the fiscal year 91 Energy and Water Appropriations Act (P.L. 101–514) directs the Energy Department to "in cooperation with the University of Alaska, to determine the capability and type of supercomputing facility for research activity conducted by the Center for Global Change and Arctic Systems Research and Geophysical Institute, with specific reference to auroral energy research." The Director of the Office of Energy Research at DOE just wrote on June 30 that "the results of this report will be used to finalize the grant." Clearly, Alaska is engaged in a process to begin research on the northern lights, despite their own remarks to the contrary.

This is the most egregious example of pork barrel yet to pass through the doors here. It has had many lives, many justifications, and more critics than any single project funded here in a long time. The Washington Post called the project Pork In the Sky and recently, Newsweek labeled this project a prime example of what they called rotten pork.

Citizens Against Government Waste, the Porkbusters Coalitions, the science community, and many in the education community oppose this project.

Mr. Chairman, I yield back the balance of my time.

Mr. MURTHA. Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. PENNY].

The amendment was agreed to.

Mr. SOLARZ. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask my very good friend, the very distinguished chairman of the committee, one of the great heroes of Desert Storm, the gentleman from Pennsylvania [Mr. MURTHA], to enter into a colloquy.

Mr. Chairman, I recently discovered, as did the gentlewoman from New York [Ms. MOLINARI], who together with me represents the Fort Hamilton Army Base in New York, that the 26th Army Band, which is based there, is scheduled for deactivation. Both of us, and our constituents—indeed, all New Yorkers—are very concerned about this, because this band has become an integral part of our community. It has led parades ranging from the welcome we gave to the returning veterans from Desert Storm to the hostages who came back from Iran in 1981, and given innumerable concerts in the surrounding area. It has greatly enhanced the morale not only of the men and women of our armed services who are based in New York, but also of the patriotic people who live in that neighborhood.

We understand that to keep this band going it would cost only about $50,000 in addition to the salaries that they would in any case be receiving even if the band is deactivated.

My question for the chairman is: Would it be his hope that in this rather substantial budget for the Department of Defense, that they might be able to find the funds to keep this very important military unit and band in operation?

Mr. MURTHA. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I am happy to yield to the gentleman from Pennsylvania.

Mr. MURTHA. I thank the gentleman for yielding.

Mr. Chairman, after conversations with the gentleman and in talking to the other members of the subcommittee, the gentleman has convinced us that this is a valuable asset to the Defense Department, and we are going to do everything we can to see that this is funded and that this activity continues.

Mr. SOLARZ. I want to thank the chairman very much, since I know it was in no small measure due to his efforts that Saddam Hussein was ousted from Kuwait, and I am confident that with his support, we will be able to keep the 26th Army Band in Fort Hamilton.

AMENDMENT OFFERED BY MR. IRELAND

Mr. IRELAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. IRELAND: Page 24, line 24 through page 25, line 2, strike out ": and an additional amount of $1,900,000,000 to be derived by transfer from the Defense Business Operations Fund".

Mr. IRELAND. Mr. Chairman, I rise to offer this amendment to deny the use of $1.9 billion in excess defense operations fund cash to purchase two Navy DDG–51 destroyers.

Mr. Chairman, if my amendment is approved, I will offer a second amendment to transfer that $1.9 billion to the Treasury Department to reduce the national debt.

The Pentagon has set up the Defense Business Operations Fund, known as the DBOF, to serve as its own private slush fund to pay for the goodies it wants without having to answer to the Congress or to the public for any of those.

The President has requested the three Navy DDG–51 destroyers, and I want my colleagues to understand that I do support the funding of those destroyers, but it must be done with funds specifically appropriated for that reason, not by using a new Pentagon slush fund.

The Defense Business Operations Fund was created by clever Pentagon bureaucrats to replace the M account that the Congress wisely shut down in 1990.

DBOF acts as a huge umbrella agency within the Department of Defense to sell the various branches goods and services. The military services receive billions of dollars in direct appropriations from Congress each year to make purchases from DBOF. The problem is that there is no cost control exercised over what DBOF decides to charge for its goods and services. DBOF money managers can then jack up the price of goods to generate huge cash surpluses with no audit trail and no accountability.

The revenue generated by DBOF in less than 1 year rivals that of multinational corporations. In fact, in private industry, it would rank as the fifth largest corporation in the world, sales revenues just behind Ford and Exxon. Currently DBOF shows excess funds of at least $2.8 billion. Everyone is trying to tap into it. There are no controls over this money, and I find it very dangerous.

The appropriations bill we are considering today provides $1.9 billion in excess DBOF cash to pay for two of the three destroyers under consideration. DBOF money should not be used to purchase destroyers.

The committee has appropriated $5.5 billion for shipbuilding. We are led to believe that three of these destroyers can be purchased for $682 million when, in fact, they will cost $2.6 billion. This maneuver, in turn, frees up $1.5 billion to buy two amphibious ships that were neither requested by the Pentagon nor authorized by the Congress.

This is the type of maneuver that can happen with every excess dime of DBOF funds. The net effect of the DBOF price fixing is to rob the armed services of money they need for training and battle-readiness.

The cost of defense is inflated to buy the kinds of special-interest items we should have gotten rid of when we left the 1980's and the cold war ended.

As a further example of the DBOF fund, we were recently asked in the authorizing committee to approve a reprogramming of $2.3 billion, using $838 million again from the DBOF account. Fortunately, our chairman, the gentleman from Wisconsin [Mr. ASPIN], has opposed this, and it will likely not happen.

Do not misunderstand me, the President has requested three destroyers, and I am not against funding them.

□ 1210

But their cost should be accounted for out in the open and directly appropriated by the Congress.

I urge my colleagues to vote to deny the use of this $1.9 billion in unaccounted and unauthorized funds. If these funds are indeed excess money the DBOF has managed to rack up,

they should be returned to the Treasury to reduce the debt.

Mr. MURTHA. Mr. Chairman, I rise in opposition to the amendment.

Let me just say that I appreciate what the gentleman has said. I know he has been in the forefront in trying to eliminate the M accounts and I appreciate his expertise.

Now, there is no one committee that has paid more attention to these DBOF accounts than we have. As a matter of fact, your Subcommittee on Defense has continually tried to make sure that the amount of money that they use is limited and that the authority they use is limited, because we were concerned about being able to follow where the funds go.

Now, I do not know what the purpose of the gentleman's amendment is, whether he is trying to eliminate these destroyers or whether he is trying to eliminate DBOF, but I will tell you this, we went to the Navy and we talked at great length. We found that the schedule to put an amphibious ship in would fit in much better than putting in the other destroyer.

We have a great concern that if this amendment were to pass, you could for all intents and purposes eliminate the amphibious shipbuilding capability at two shipyards.

To say that this is a DBOF amendment is absolutely inaccurate. This amendment is an amendment to kill several shipyards.

We carefully analyzed this situation. The subcommittee was unanimous in its suggestion of this recommendation to the full House and we think your amendment is a serious mistake.

Mr. Chairman, I would urge the Members to defeat this amendment.

Mr. HUNTER. Mr. Chairman, will the gentleman yield?

Mr. MURTHA. I yield to the gentleman from California.

Mr. HUNTER. Mr. Chairman, I thank my colleague for yielding to me.

This is not only an assault on a very weakened part of our industrial base, that is, our shipyards, but also on our very weakened ship construction program. We have cut back drastically from the 600-ship Navy that we felt we needed in the mid-1980's to the point where we have barely what we need to manifest power projection around the world.

This will kill the DDG–51's; also it will put in extremis the LHD and also the ammunition ships in which we are in very short supply.

So the consensus from the Bush administration is that what we have in shipbuilding now meets a very minimal requirement and that we need to fund this construction, and this in fact would have a disastrous effect on it.

Mr. Chairman, I concur in the committee chairman's recommendation.

Mr. IRELAND. Mr. Chairman, will the gentleman yield?

Mr. MURTHA. I yield to the gentleman from Florida.

Mr. IRELAND. Mr. Chairman, I want to emphasize to the gentleman who knows I regard his work very highly and have in my term in the Congress.

I want to clearly emphasize that there is no intention here to say that we should not build the destroyers. My real concern is the $1.9 billion that was appropriated to the services for other activities utilized by the DBOF. The DBOF generated at least $1.9 billion, if not more, of funds that were not for the purposes of shipbuilding.

What we are doing is running around the barn with money that really belongs to the taxpayers of this country to build these ships. I am all for building the ships. I like the way the gentleman and his committee decide what we ought to do.

My real concern is where this $1.9 billion comes from. It is a slush fund and we all ought to band together to do this.

Mr. MURTHA. Mr. Chairman, I appreciate that. Let me assure the gentleman that we are watching DBOF. I know the gentleman has had an honorable period in Congress and I have the greatest respect for the gentleman.

But Mr. Chairman, I would ask the Members without a prolonged debate here to defeat this amendment, because this really would stop the shipbuilding program for the DDG–51 which the gentleman and I both consider very important.

But the gentleman can be assured that in the future we are going to continue to watch DBOF. We have the same concerns the gentleman does. The gentleman was instrumental in stopping the M account abuses, and we appreciate that. It was a real service to the country.

Mr. IRELAND. Mr. Chairman, will the gentleman yield further?

Mr. MURTHA. I yield to the gentleman from Florida.

Mr. IRELAND. The real question, Mr. Chairman, is how can we justify using DBOF money for shipbuilding or aircraft building or anything else? That was not what it was intended to be.

Mr. MURTHA. Let me say this. The reason for using the money is because it is taxpayers' money, like any other, and we wanted to make the decision in Congress by elected officials, rather than by bureaucrats when we could not follow the trail, so we wanted to make sure that we were the ones making the decisions, rather than them.

Mr. IRELAND. Mr. Chairman, if the gentleman will yield further, the money in DBOF was the money that this Congress appropriated for certain things that go into the list of what the DBOF is supposed to be doing. The DBOF does not have in its charter of activities weapons purchasing.

Mr. MURTHA. Well, we technically took excess cash in DBOF and said spend this excess cash, because we do not want them reprogramming it, we wanted them to spend it for these destroyers. That is what we have done.

Mr. McDADE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am unalterably opposed to this amendment, and I hope it will be defeated.

As I was saying to my distinguished friend, the gentleman from Pennsylvania, the chairman of the committee, we often scoop up dollars that we can find and appropriate to a more efficient purpose.

For example, my friend, the gentleman from Pennsylvania, the chairman, will recall I think it was in fiscal year 1986 or so where we found over $1 billion in savings from Navy shipbuilding accounts that we identified and used to finance that year's program for the MX out of those scooped-up dollars. We do that all the time. That is one of the functions of the Appropriations Committee. That is undoubtedly somewhat different than the culture that prevails on an authorizing committee, but for efficiency purposes, that is what we do.

Now, I do want to underline, Mr. Chairman, that amendment, should it pass, will stop the construction of all the *Arleigh Burkes* that are in the budget, and there are three of them in here.

It will leave about $700 million, which will not buy one *Arleigh Burke*.

You pass this amendment and 11,000 people walk the streets unemployed in the morning.

This is an amendment that is well-intended by my good friend, but the substantive purposes of it are detrimental to national defense, and I urge its defeat by my colleagues.

Mr. SAXTON. Mr. Chairman, will the gentleman yield?

Mr. McDADE. I yield to the gentleman from New Jersey.

Mr. SAXTON. Mr. Chairman, I would say to my good friend, the gentleman from Florida, I know he does not intend to do this, but in the same 5-minute speech it seems to me the gentleman is saying two things. On the one hand, the gentleman says he supports the construction of three destroyers. On the other hand, the gentleman is saying, "But I'm going to take away the money to pay for them." So the construction will not go forward.

I would like to say to the gentleman that not only does it mean large numbers of unemployed people, but the people who will turn out being unemployed, who will walk away from the production lines of these very highly sophisticated destroyers and the instrumentation inside the destroyers, are not people that you go out on the street and just replace after they have been off the job and gone away.

So what we are saying here is that we understand the gentleman would like

to find another way to fund them, and perhaps in conference we can find another way to fund them, but the fact of the matter is that if this line of destroyer production is shut down, both from the standpoint of the shipbuilding industry and from the point of view of the highly technical Aegis system that is contained in these ships, we are going to be shut down, not just for one year, but for a long period of time.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. MCDADE. I am delighted to yield to my distinguished friend, the gentleman from Washington [Mr. DICKS].

Mr. DICKS. Mr. Chairman, I, too, want to rise in opposition to the Ireland amendment.

The gentleman from Pennsylvania has stated it well. We have got a production line in place. If the Ireland amendment passes, it will destroy the DDG–51 program. That is the bottom line. It will cause 11,000 people to be immediately unemployed.

Another thing I want to point out is some people say, "Well, why didn't we fund four DDG–51's?"

The committee in its judgment felt that there was an opportunity to fund an additional LHD, and by doing it this year we saved $400 million in taxpayer money.

So please give the committee a little bit of judgment here. We look at these accounts carefully. There was extra money in the DBOF account and we used it for this program. I think it makes complete sense.

Mr. Chairman, I would urge the House to support the committee.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. MCDADE. I yield to my friend, the gentleman from California.

Mr. CUNNINGHAM. Mr. Chairman, I thank my friend, the gentleman from Pennsylvania [Mr. MCDADE], for yielding to me.

I am strongly opposed to the Ireland amendment. It not only affects the ships that have been in discussion, but in Desert Storm we had Soviet hulls carrying our equipment.

The A&E program shipbuilding across the board, we have cut shipbuilding along with the help of the Japanese in this country. We used to be the greatest shipbuilder in the world. Now the only shipbuilding industry on the west coast, we have one, and on the east coast it is approaching the same thing.

□ 1220

This amendment would help the Japanese even further destroy our shipbuilding capability.

Mr. Chairman, I am strongly opposed to it.

Mr. IRELAND. Mr. Chairman, will the gentleman yield?

Mr. MCDADE. I am happy to yield to the gentleman from Florida.

Mr. IRELAND. I thank the gentleman for yielding.

Mr. Chairman, I want it clearly understood, the idea that this amendment is directed at any particular thing is not what I have generated. That is how this $1.9 billion has been used in this bill. That $1.9 billion could have easily been used for an aircraft purchase or anything else.

The point is that the committee is using $1.9 billion of funds that were appropriated for other purposes that went into the DBOF, that were earned by the DBOF, that were not put in there for weapons purchases.

The point is not these destroyers. We would not have the gentleman from Louisiana [Mr. LIVINGSTON] seeking recognition, or others here, if these funds had gone to the B–2 or something of that nature. The point is, and the very clear point, is not which item the purchase went for here but the point that $1.9 billion should not have been used.

Ms. SNOWE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Florida. This amendment would have the effect of gutting the Navy's *Aegis* destroyer program and severely damaging our Nation's shipbuilding and defense electronics industrial base.

To put this amendment into proper perspective we must look at what the President, the Navy, and this House has said about the DDG–51 *Aegis* destroyer program already this year. President Bush requested funding for four destroyers in 1993. Our top naval strategists say we need four destroyers this year. The House Armed Services Committee supported four destroyers. The full House approved funding for four destroyers just last month in the Defense authorization bill. I was sorry to see that the Appropriations Committee decided to fund only three destroyers. However, the Ireland amendment will have the effect of funding only one destroyer. That is simply a level that is unacceptable in the face of our maritime needs.

We must recognize that as our naval forces are reduced, the roles and missions assigned to *Aegis* ships will expand. The technology in these ships will help maintain U.S. maritime superiority around the globe for the next 40 years. The *Arleigh Burke* class destroyer will replace several obsolete surface combatant classes in the fleet, and it will do so with greatly expanded capabilities. These ships are exactly the kind of direction we need to be going in as we downsize our fleet.

In addition, dropping from a five-destroyer buy in fiscal year 1992 to a one-destroyer buy in fiscal year 1993 will result in severe disruption in the program's stability and in production efficiency. The President, Congress, and the Navy all support a stable and robust destroyer procurement program. If this amendment passes, that program will take years to recover and will end up costing the taxpayers much more.

I urge my colleagues to defeat the Ireland amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. IRELAND].

The amendment was rejected.

Mr. SANDERS. Mr. Chairman, I move to strike the last word.

With all due respect, perhaps let me inject a moment of reality into this debate for the American people.

Mr. Chairman, let us talk a moment today about priorities—about where we want this Nation to go and what we want our future to be. And then let us talk about a Defense Department budget of $252 billion, plus $22 billion more for the military in other appropriations bills.

Five million children go hungry in America, 1 million children sleep out on the streets, and hundreds of thousands lack basic inoculations for diseases that should have been wiped out 20 years ago. We rank first in the industrialized world in terms of childhood poverty, with 20 percent of our kids falling in that category. Hundreds of thousands of bright young people cannot afford to go to college because the Federal Government is not adequating funding student financial aid programs. And today, despite the fact that the cold war is over, that the Soviet Union no longer exists, that the Warsaw Pact no longer exists, this Congress and this President have the unmitigated chutzpah to vote $4 billion for B–2 bombers. In other words, not enough money available to wipe out childhood hunger, not enough money available for college education—but $4 billion is available to build B–2 bombers.

Whenever this country wants to go to war, we hear the patriotic speeches about the need for young men and women to put their lives on the line to serve their country, and if necessary to die for their country. Two years ago, the Congress and the President cut $3.5 billion for veterans' programs, and it is no secret that our VA hospitals are grossly underfunded. And today, this institution and this President have the gall to talk about $3.2 billion more for the absurd star wars program. Three and a half billion dollar cutbacks in programs for our veterans, who have put their lives on the line for this country, and $3.2 billion more for an absurd and useless program which has never been needed.

Two years ago, this Congress and the President cut Medicare programs for our elderly by $43 billion and the President, and many Members of this Congress, want to slash Medicare even more. $43 billion cut from Medicare for the elderly, but today this Congress and this President are talking about spending over $100 billion a year to defend Western Europe and Japan against a nonexistent enemy.

Mr. Chairman, if you have read the latest newspapers, you will have noticed that the number of Americans who believe that the President is doing a good job is down to about 30 percent. Seventy percent of the people think

that he's doing a pretty bad job. Now that is a pretty discouraging figure, except when it's compared to the U.S. Congress—an institution which is now approved of by less than 20 percent of the people. In other words, the overwhelming majority of the people believe that the President and the Congress are way out of touch with the needs of ordinary Americans, and that we need fundamental changes in the priorities of this Nation.

Mr. Chairman, the American people are crying out for hope. They want quality education and a national health care system for all of our people. They want decent-paying jobs as we rebuild American industry and produce environmentally sound products. They want decent-paying jobs as we rebuild our crumbling infrastructure and build a modern mass transportation system, decent bridges, decent roads. They want decent-paying jobs, as we put our carpenters and electricians and plumbers back to work building the millions of units of affordable housing that this country desperately needs.

Mr. Chairman, let us stand up today for a new set of priorities for America and let us give hope back to millions of Americans who have lost it. Let us vote "no" on B–2 bombers and "yes" for our children; "no" on star wars and "yes" for our elderly and veterans; "no" on $274 billion for the military and "yes" for millions of decent paying jobs as we rebuild American industry and our crumbling infrastructure. Mr. Chairman, let us defeat this appropriations bill today and begin the process of developing a whole new set of national priorities so that, once again, the American people can believe in their Government.

Mr. HUTTO. Mr. Chairman, I move to strike the requisite number of words, and I rise to engage the distinguished chairman of the Subcommittee on Defense Appropriations of the Committee on Appropriations, the gentleman from Pennsylvania [Mr. MURTHA], in a brief colloquy.

Mr. Chairman, in title II of your bill there are a number of accounts that exceed what was authorized by my subcommittee, and approved by the House. For example, the Navy operation and maintenance account in your bill is $1 billion dollars over what has been authorized. Other unauthorized examples range from an additional $700 million for the Air Force to $9 million for the World Cup Games. While funding for the World Cup Games is a relatively minor amount, it is an issue that the Readiness Subcommittee actively discussed, and specifically rejected, until further information was received by the Department. I believe that providing appropriations for these unauthorized projects, in spite of our concerns and actions, is inappropriate.

Your bill contains language restricting the obligation of these amounts until authorized by law. This lanaguage has been included in past House Defense appropriation bills, and seems to always be deleted in conference. Is this not correct?

Mr. MURTHA. Well, you know, in all these things sometimes it is not brought to your attention and even members of your committee come to us and ask us to put funding in for various projects. We always try to work very closely with the authorization committee after the conference is settled. As you know, we had to get a waiver in the rule in order to get the bill to the floor because none of the items were actually authorized. We work very closely with the authorizing committee to make sure we comply as closely as we can. I cannot speak for the entire subcommittee, but we will certainly do everything we can to comply with whatever the authorizing committee tries to suggest. We will fund—in the end, 98 percent of the programs that are authorized.

Mr. HUTTO. I appreciate very much the gentleman's desire to work with our committee and work on these unauthorized projects.

AMENDMENT OFFERED BY MR. DURBIN

Mr. DURBIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DURBIN: page 37, line 18, strike out "$9,510,354,000" and insert in lieu thereof "$8,810,354,000".

□ 1230

Mr. DURBIN. Mr. Chairman, this amendment seeks to strike $700 million from the $4.3 billion appropriation for the strategic defense initiative, otherwise known as star wars.

I would remind the members of the committee that this program was designed under President Reagan to defend the United States against possible attack from Soviet missiles. We know full well that the Soviet Union, as it was envisioned in those days, no longer exists. President Yeltsin has spoken to this body and to our Nation. He has entered into an historic agreement with the President to reduce the number of strategic warheads aimed at the United States. In other words, we are spending literally billions of dollars to defend against a threat which no longer exists.

Second, the American taxpayers have invested $29 billion into the star wars program to date. At least $8 billion of the $29 billion has been totally wasted. We have put the money into projects which have been cancelled. We have, in fact, given the money away to defense contractors where it could have been spent, as the gentleman from Vermont [Mr. SANDERS] mentioned earlier, for worthwhile projects within the United States to help our economy.

The purpose of this amendment is to cut $700 million more from this project. We know from sources within the Department of Defense that this cut will not jeopardize the future of this program for the real threats against the United States 10 years from now.

I might also say, Mr. Chairman, that in the past several weeks we have heard speech after speech on the floor of the House about the deficit. This is a specific opportunity for Members of this House to cast a vote that will reduce this deficit by $700 million.

Last night the gentleman from Indiana [Mr. BURTON], my friend and colleague, offered an amendment to cut a $15 million parking garage in Newark, NJ. He predicted that unless we took steps like that, we would face, in his words, economic chaos in the United States. I invite my colleague and all of the 89 who supported his amendment to join us today in this amendment for some $700 million in cuts.

I know my colleague from Indiana will be saddened, and may be surprised, to learn that only nine Members who voted to cut the Newark parking garage voted 2 weeks ago to cut $1 million out of star wars. Please take that budget balancing fervor away from parking garages, and put it where it counts. We are talking about $700 million which could be saved here.

Let me also suggest to the gentleman and others who are in the Chamber that I have taken a look at the cosponsors of the balanced budget amendment, only 57 voted to cut $1 million out of the star wars program.

I took a look at the vote 2 days ago to cut agricultural research programs, literally pennies being spent so that we can have the food and fiber our Nation needs, and I was shocked to learn that out of the 129 Members who voted to cut agricultural research, only 19 voted to cut the star wars program.

Mr. Chairman, I say to my colleagues in the House, "If deficit reduction is your goal, here is your vehicle. We can talk about parking garages until we're blue in the face. We could talk about agricultural research until we have nothing further to say. But if you want to cut real money, start here. This is, in fact, pork barrel of the highest magnitude."

Mr. Chairman, I would urge my colleagues to take that head of steam they had in all these other amendments and apply it to a real program with real savings and cut back on this pork barrel in the Pentagon.

Mr. PENNY. Mr. Chairman, will the gentleman yield?

Mr. DURBIN. I yield to the gentleman from Minnesota.

Mr. PENNY. Mr. Chairman, I and my colleagues DICK DURBIN and BILL GREEN are offering this amendment to reduce appropriations for Defense agencies' research and development by $700 million. The amendment is intended to reduce the funds for SDI without affecting the appropriation for theater missile defense.

This bill appropriates about $3.3 billion for SDI and another $1 billion for theater missile Defense * * * or a total of $4.3 billion for SDI/TMD in fiscal year 1993. This is nearly a 25 percent increase in funding from last year's House-approved level.

With this amendment we are not trying to argue against the merits of the SDI program in general—although clearly with the end of the cold war, there is no urgency for development of SDI systems. Our amendment allows for SDI/TMD funding of about $3.6 billion in fiscal year 1993—which is $300 million more than what the Congressional Budget Office estimated was necessary in fiscal year 1993 to allow for ABM-compliant, single-site deployment by the year 2003.

What we are arguing with this amendment is the fact that there is no urgency to develop and deploy star wars in this decade, and that we cannot afford to fund SDI at levels proposed by the Pentagon and this bill. According to the Congressional Budget Office, the Pentagon's SDI plan—which calls for deployment of an ABM system by 1997—would require an average of about $8 billion per year between fiscal year 1994 and 1997. Proponents of the Pentagon's SDI plan—many of them supporters of the balanced budget amendment—have not been able to explain to us and the American people how we are going to afford the pricetag of the Pentagon's plan. The fact is * * * we really can't afford this type of accelerated program.

Please support the Penny-Durbin-Green amendment.

Mr. DURBIN. Mr. Chairman, do I have any time remaining?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. DURBIN was allowed to proceed for 1 additional minute.)

Mr. DURBIN. Mr. Chairman, I want to close my comments by saying, "If you voted to cut the Newark parking garage, a $15 million project, come on down. We got $700 million in cuts here. If you voted to cut agricultural research, come on down. We've got $700 million in deficit reduction for you here. If you're a balanced budget amendment warrior who stood up and made speeches about how we have to get serious, come on down. This is where we're making the cuts. And if you're one of those people who believes that the Pentagon should not be exempt from cuts in programs that are no longer necessary, we need your vote today in support of the Penny-Durbin amendment."

Mr. MURTHA. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. DURBIN].

Let me say the vote was already taken on this in the authorization bill. It is clear it failed by a large number. Let us just vote this amendment and get on with the business because I do not think we need to go into great detail. It is clear what the House has already said. I do not think any of the votes have changed.

Mr. Chairman, I oppose the amendment and would ask that we restrain ourselves, as strong as we feel about this, and go forward with the vote.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. MURTHA. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I just real briefly want to say that I was the author of the cut, a $15 million cut, in Newark's garage last night. The fact of the matter is this bill is $17.4 billion less than in fiscal year 1992. We do not know what is going to happen in the Soviet Union. We do need to be prepared for any eventuality, and I think this would be an unwise cut, and it cannot, in my opinion, be considered pork when we are talking about the defense of this Nation.

Mr. MURTHA. Mr. Chairman, I would ask that the Members cooperate, that we just move it along to a vote.

Mr. WELDON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I just want to rise to associate myself with the comments of the committee chairman and the ranking member. I think they have done an outstanding job on this very difficult job of controlling the growth, actually the decrease in funding, for our national defense.

I want to also thank this committee for its leadership in one of the major assets, not just for our military, but for this country in terms of international competition, the V–22 *Osprey*. As I related to both the committee chairman and the ranking member, as well as the acting chairman in the seat, I just returned from a meeting at the Pentagon where Secretary of Defense Dick Cheney has announced that he is, in fact, changing his decision and is now willing to go along with the Congress in continuing the 2-year program that we have established to build the V–22. I say to the gentleman, "That action would not have taken place without your leadership, Mr. Chairman, on the civilian side, without the leadership of Congressman JACK MURTHA who has been a real stalwart in this program, and JOE MCDADE, and all the other Members who are involved with this Appropriations Subcommittee, as well as the Armed Services Committee. On behalf of the 200-plus Members who signed the letter in this body to support this program, I thank all of you. We can now move ahead, and the botton line beneficiaries will be the Marine Corps, the Special Forces, and our civilian technology."

Mr. AUCOIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I support the amendment to cut SDI funding.

Mr. Chairman, star wars began in 1983 as a fictional x-ray laser the size of any executive desk." By 1987 it was supposed to protect the American people from all the ICBM's the Soviets could throw at us.

Well, here we are in 1992, and guess what?

We have spent almost $30 billion on star wars, and we have not even built R2D2.

The x-ray laser never shot down a fly. It is a complete technical failure.

And Soviet ICBM's are going away while, somehow SDI keeps chugging along. The technology may fail and the requirement may vanish, but SDI is still the biggest single item in the Defense budget, soaking up taxpayer's dollars like a sponge.

Now star wars is supposed to defend us against Third World ICBM's.

But guess what?

The Third World does not have any ICBM's. And it is not likely to get any.

For Qadhafi and his ilk, using an ICBM to deliver a nuke to the United States would be an act of absolute stupidity.

ICBM's are expensive. They are high-technology, harder to build than a nuclear warhead. They tend to not work at first. They are visible and vulnerable; they invite the United States to take them out before they are set up. And if Qadhafi shoots an ICBM at us, he will be sending his calling card, telling us where to retaliate.

No, my friends, if Qadhafi wants to nuke us, the way to do it is to smuggle his weapon in a suitcase in the hold of a ship. That delivery method is cheap. It's reliable, low-technology. And it doesn't advertise its existence or identify its origin.

SDI is an expensive solution to an ICBM threat we don't have. It's irrelevant to the suitcase bomb, the threat we may have. SDI is a budgetary monster without a mission. Let's put it to sleep.

Mr. KYL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from Illinois [Mr. DURBIN].

Mr. Chairman, I rise in opposition to the Durbin-Penny amendment which would cut $700 million from the strategic defense initiative [SDI] program—a program which has already been reduced by $1.1 billion.

The Defense Appropriations Subcommittee and the Armed Services Committee arrived at the funding level for strategic defense programs—$3.2 billion—by carefully evaluating the priorities within the defense budget. The sponsors of this amendment have never sat through an Armed Services hearing on the threat of ballistic missiles and yet they assert with confidence that "a $700 million cut will not hurt." Moreover, in a "Dear Colleague" issued today, the sponsors of this amendment argued that "They are not trying to argue against the merits of the SDI program in general." What is the purpose of this amendment? It appears to me to be arbitrary attack on one of the President's highest defense priorities.

I usually join Mr. PENNY in his attempt as a pork buster to cut the fat. However, this time I must strongly disagree with him. I regret that Mr. PENNY has joined Mr. DURBIN on this

amendment. I know Mr. PENNY does not desire to gut SDI. The majority of the House does not want to gut SDI. But, the Durbin-Penny amendment will do just that.

The Durbin-Penny amendment also does not recognize the very real future threat from proliferation of ballistic missiles throughout the world. The HASC heard testimony from witnesses both inside and outside the administration which were in agreement that proliferation is a problem. Some critics of the SDI program have chosen to focus only on the direct threat to CONUS and to pretend that the Scud will be the only ballistic missile threat in the future. I believe this approach is naive. Director of Central Intelligence, Robert Gates, stated before this committee that proliferation of ballistic missiles in the Third World is of "grave concern" and his "number one priority."

Further, this amendment does not take into account the positive results accomplished during the recent summit between Presidents Yeltsin and Bush. The Presidents agreed that their two nations should work together with allies and other interested states in developing a concept for a global protection system as part of an overall strategy regarding the proliferation of ballistic missiles and weapons of mass destruction.

The Presidents also agreed to start work without delay to develop the concept for global protection and to explore the potential for sharing early warning information and the potential for cooperation in developing ballistic missile defense capabilities and technologies.

The Durbin-Penny amendment sabotages that effort before it is started. Can't we take yes for an answer?

The Durbin-Penny amendment is behind the times and will severely affect all strategic defense programs. Vote "no" on the Durbin-Penny amendment.

Mr. GREEN of New York. Mr. Chairman, I am pleased to join my colleagues, Representatives PENNY and DURBIN, in offering this amendment to cut $700 million from the strategic defense initiative. Our amendment, while reducing funds for SDI, does not affect funding for theater missile defenses.

H.R. 5504, like the authorization bill approved by the House, provides $4.3 billion for SDI, including $2.1 billion for a limited defense system, and $1.1 billion for theater defenses. Just last year, Congress approved a record high total of $4.15 billion for SDI—a $1 billion increase from the previous year.

In this time of unprecedented budget deficits, the continued increased level of SDI spending makes no sense. And, if one listens to the Pentagon, this level of spending is dangerous from a strategic point of view. Early last month, the Pentagon's top program analyst, Dr. David Chu, said in an internal document that the current SDI plan risks failure by hastily pursuing the development of rocket-powered interceptors and ignoring significant performance tests.

Dr. Chu has recommended that we delay the system's deployment from 1997 until 2003, allowing adequate testing of prototypes. Essentially, Dr. Chu has warned that if we attempt to rush deployment, our system simply will not work. What we are attempting to do with the Penny-Durbin-Green amendment is to slow the program down—to ensure that we have taken the time to do the job right. By accepting the funding cut advocated by the Penny-Durbin-Green amendment, we move the SDI program toward the development of a more effective system that, in the process, saves the American taxpayer substantial money.

In addition to Dr. Chu's concerns, the Congressional Budget Office has estimated that a total SDI level of $3.3 billion for 1993 would be sufficient to deploy one land-based battery of interceptors by the turn of the century.

By accepting a cut of $700 million, the total spending level for SDI is $3.6 billion. This brings us down to a more rational and effective level of spending, and I urge my colleagues to support our amendment.

Mr. BENNETT. Mr. Chairman, I rise today in support of the Penny-Durbin amendment to reduce the level of funding for the strategic defense initiative to $3.6 billion. This seems to me to be an adequate and perhaps generous figure for the program this year.

I would like to address three issues related to the Penny amendment. They are the SDI budget, the schedule for an initial SDI deployment, and the threat of ballistic missile attack.

Let me discuss the budget first. The President submitted an SDI budget of $5.4 billion. This included $4.3 billion for strategic defense research and development and $1.1 billion for R&D on theater missile defense systems. The administration's budget is an outgrowth of last year's Missile Defense Act, which placed the Nation on the path to a rapid deployment of an initial SDI system that would be ground-based and ABM Treaty-complaint. The Missile Defense Act was approved by the Senate after the House had passed its version of the authorization bill and was ultimately included in the final conference report. As a result the House has not really had an opportunity to debate the merits of the Missile Defense Act until now.

The committee-approved SDI funding figure of $4.3 billion includes $3.2 billion for strategic defense and $1.1 billion for theater defense. But, it is important to recognize where the committee made its cuts.

The Defense Appropriations Subcommittee cut the administration request to $4.3 billion by eliminating all funding for the space-based interceptors and trimming the funding for research, support, and futuristic technologies. No funding was cut from the theater missile defense category or from the category that contains most of the money for the accelerated SDI deployment. Both of these categories were fully funded at the administration's requested level.

The Penny amendment of $3.6 billion also fully funds the administration's request for theater defenses, as it should since according to SDIO's own testimony this is the highest missile defense priority facing the nation.

The place where the Penny amendment and the committee position really differ is over how much should be spent in fiscal year 1992 to accelerate the deployment of an initial ground-based ABM system as outlined in the Missile Defense Act. The committee cut very little of the funding required to continue the accelerated deployment schedule. The Penny amendment would cut more of this but it would not preclude deployment of an initial ABM Treaty-compliant SDI system.

In my opinion the crash SDI deployment program outlined in the Missile Defense Act, and essentially funded in the committee bill, does not make sense on fiscal grounds, is contrary to sound acquisition practices, and is not required to meet the projected military threat. Some new documents back up my position.

A new report by the Congressional Budget Office makes it clear that we do not need to spend $4.3 billion on SDI in fiscal year 1993 unless we want an accelerated deployment. CBO states in its report that a level of $3.3 billion in fiscal year 1993 will be sufficient to move SDI research and development forward and allow for the deployment of a fully tested and operationally capable ABM system by the year 2003. The Penny amendment provides even more funding than this.

Fully testing the system before deployment will help keep cost growth down. However, in order to meet the accelerated deployment deadline SDIO will have to forgo much of the usual test program. Mr. Cooper has stated to the Senate Armed Services Committee that to meet a 1997 deployment deadline is "a major challenge with high concurrency and attendant high risk." Concurrency means that testing and production are completed simultaneously rather than in a sequence that allows the problems discovered during the test program to be ironed out before the system enters production. A 1988 report by the Congressional Budget Office on weapon system concurrency pointed out that, on average, high concurrency weapon programs experience cost growth increases of 288 percent.

Let me also add that according to Mr. Cooper's own testimony before the Senate, even if we spend massively to meet an accelerated SDI deployment deadline the Nation will not be protected from ballistic missile attack by 1997 because the initial site will not be fully operational until the year 2000. Even then, because we will have rushed the deployment of the system, it will require extensive and expensive retrofits to improve its capability.

The schedule risk and cost growth imposed by the accelerated SDI deployment schedule is even causing concern within the Department of Defense, as was emphasized in an analysis written by the Secretary of Defense's top weapon watchdog in which he states that the plan "is almost certain to suffer early significant cost growth and schedule slippage" and that pushing ahead with rush deployment of the interceptors and skipping important performance tests risks system failure. The DOD analysis suggests that the goal for an ABM deployment should be the year 2003 because this much time is required to fully test and evaluate the system so we can have high confidence that it will work once deployed.

The Penny amendment would allow us to fund the SDI program at a level that would allow for this necessary testing and deployment of this fully tested system in 2003, if such a system was needed given the status of the threat to our nation.

And, there are two major categories of threat that we need to be concerned with. First, there is the threat of an accidental or unauthorized launch from the former Soviet Union. Second is the development of a long-range ballistic missile by a Third World nation that may be hostile to us.

The threat of an accidental or unauthorized launch of a long-range missile against the United States from the former Soviet Union is of concern, but it is very unlikely as long as the leaders of the Commonwealth of Independent States [CIS] maintain strong control over their arsenals—as they have during the ten months since the coup. Defense Secretary Cheney just last week testified before the Senate Foreign Relations Committee that he saw "no diminution" of control over the long-range nuclear weapons of the CIS. This is a position that has been reiterated by the President and the Director of the CIA as well. In my opinion, there's no need to accelerate deployment to meet this threat.

Regarding the Third World threat, the Director of the CIA, Robert Gates, testified before the Congress earlier this year that beyond China and the CIS, the CIA does not expect new long-range missile threats to the United States to appear for at least another decade. That means not before 2003. The Penny amendment meets this goal.

Mr. Chairman, the fiscal condition of our Nation is too deteriorated to spend more than is necessary on any federally funded program. If we pace our expenditures to the threat, and fully test the SDI system elements, we can make significant yearly savings in the SDI budget. And we will be able to deploy an operationally effective ABM system by 2003 if such a system is needed. This approach makes sense from both a fiscal and security standpoint. This approach is embodied in the Penny amendment. I hope that my colleagues will join me in supporting it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DURBIN].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. DURBIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 201, noes 217, not voting 16, as follows:

[Roll No. 263]

AYES—201

Abercrombie	DeFazio	Gejdenson
Ackerman	DeLauro	Gephardt
Alexander	Dellums	Gibbons
Andrews (ME)	Derrick	Gilchrest
Anthony	Dingell	Gilman
Applegate	Dixon	Glickman
Atkins	Donnelly	Gordon
AuCoin	Dooley	Grandy
Bellenson	Dorgan (ND)	Green
Bennett	Downey	Guarini
Berman	Duncan	Hall (OH)
Blackwell	Durbin	Hall (TX)
Boucher	Early	Hayes (IL)
Boxer	Eckart	Henry
Brooks	Edwards (CA)	Hertel
Brown	Engel	Hochbrueckner
Bruce	Espy	Horn
Bryant	Evans	Hughes
Cardin	Ewing	Jacobs
Carper	Fawell	Jefferson
Carr	Fazio	Johnson (SD)
Clay	Feighan	Johnston
Clement	Fish	Jones (GA)
Collins (MI)	Flake	Jones (NC)
Condit	Foglietta	Jontz
Conyers	Ford (MI)	Kaptur
Costello	Ford (TN)	Kennedy
Cox (IL)	Frank (MA)	Kildee
Kleczka	Neal (NC)	Sawyer
Klug	Nussle	Scheuer
Kopetski	Oakar	Schroeder
Kostmayer	Oberstar	Schumer
LaFalce	Obey	Sensenbrenner
Lantos	Olin	Serrano
LaRocco	Olver	Sharp
Laughlin	Orton	Shays
Leach	Owens (NY)	Sikorski
Lehman (CA)	Owens (UT)	Skaggs
Lehman (FL)	Pallone	Slattery
Levin (MI)	Panetta	Slaughter
Levine (CA)	Pastor	Solarz
Lewis (GA)	Payne (NJ)	Staggers
Long	Payne (VA)	Stallings
Lowey (NY)	Pease	Stokes
Luken	Pelosi	Studds
Manton	Penny	Swift
Markey	Perkins	Synar
Marlenee	Peterson (MN)	Thomas (CA)
Matsui	Porter	Thomas (WY)
Mavroules	Poshard	Torres
Mazzoli	Price	Torricelli
McDermott	Pursell	Towns
McHugh	Rahall	Unsoeld
McMillen (MD)	Ramstad	Valentine
Meyers	Rangel	Vento
Mfume	Reed	Visclosky
Miller (CA)	Ridge	Washington
Mineta	Roe	Waters
Mink	Rostenkowski	Waxman
Moakley	Roth	Weiss
Moody	Roukema	Wheat
Moran	Russo	Williams
Morella	Sabo	Wise
Mrazek	Sanders	Wolpe
Murphy	Sangmeister	Wyden
Nagle	Santorum	Yates
Neal (MA)	Sarpalius	Yatron

NOES—217

Allard	Dwyer	Kolter
Allen	Edwards (OK)	Kyl
Anderson	Edwards (TX)	Lagomarsino
Andrews (NJ)	Emerson	Lancaster
Andrews (TX)	English	Lent
Annunzio	Erdreich	Lewis (CA)
Archer	Fascell	Lewis (FL)
Armey	Fields	Lightfoot
Aspin	Franks (CT)	Lipinski
Bacchus	Frost	Livingston
Baker	Gallegly	Lloyd
Barrett	Gallo	Machtley
Barton	Gaydos	Martin
Bateman	Gekas	Martinez
Bentley	Geren	McCandless
Bereuter	Gillmor	McCloskey
Bevill	Gingrich	McCollum
Bilbray	Gonzalez	McCrery
Bilirakis	Goodling	McCurdy
Bliley	Goss	McDade
Boehlert	Gradison	McEwen
Boehner	Gunderson	McGrath
Borski	Hamilton	McMillan (NC)
Brewster	Hammerschmidt	McNulty
Browder	Hancock	Michel
Bunning	Hansen	Miller (OH)
Burton	Harris	Miller (WA)
Byron	Hastert	Molinari
Callahan	Hatcher	Mollohan
Camp	Hayes (LA)	Montgomery
Campbell (CA)	Hefley	Moorhead
Campbell (CO)	Herger	Morrison
Chandler	Hoagland	Murtha
Clinger	Hobson	Myers
Coble	Holloway	Natcher
Coleman (MO)	Hopkins	Nichols
Coleman (TX)	Horton	Nowak
Combest	Houghton	Ortiz
Cooper	Hoyer	Oxley
Coughlin	Hubbard	Packard
Coyne	Huckaby	Parker
Cramer	Hunter	Patterson
Crane	Hutto	Paxon
Cunningham	Hyde	Peterson (FL)
Dannemeyer	Inhofe	Petri
Darden	Ireland	Pickett
Davis	James	Pickle
de la Garza	Jenkins	Quillen
DeLay	Johnson (CT)	Ravenel
Dickinson	Johnson (TX)	Ray
Dicks	Kanjorski	Regula
Doolittle	Kasich	Rhodes
Dornan (CA)	Kennelly	Richardson
Dreier	Kolbe	Riggs
Rinaldo	Smith (IA)	Thornton
Ritter	Smith (NJ)	Traficant
Roberts	Smith (OR)	Upton
Roemer	Smith (TX)	Vander Jagt
Rogers	Snowe	Volkmer
Rohrabacher	Solomon	Vucanovich
Ros-Lehtinen	Spence	Walker
Rose	Spratt	Walsh
Rowland	Stearns	Weldon
Roybal	Stenholm	Whitten
Saxton	Stump	Wilson
Schaefer	Sundquist	Wolf
Schiff	Swett	Wylie
Schulze	Tallon	Young (AK)
Shaw	Tanner	Young (FL)
Shuster	Tauzin	Zeliff
Sisisky	Taylor (MS)	Zimmer
Skeen	Taylor (NC)	
Skelton	Thomas (GA)	

NOT VOTING—16

Ballenger	Collins (IL)	Smith (FL)
Barnard	Cox (CA)	Stark
Bonior	Dymally	Traxler
Broomfield	Hefner	Weber
Bustamante	Lowery (CA)	
Chapman	Savage	

□ 1259

The Clerk announced the following pairs:

On this vote:

Mr. Smith of Florida for, with Mr. Bustamante against.

Mrs. Collins of Illinois for, with Mr. Ballenger against.

Messrs. COUGHLIN, PETRI, COBLE, and SMITH of Texas changed their vote from "aye" to "no."

Messrs. HENRY, MATSUI, and THOMAS of Wyoming changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. YOUNG of Florida. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the report which explains this bill establishes for the first time the intent of the Congress with regard to the recommendation of the 1991 Base Closure and Realignment Commission to close the airfield at MacDill Air Force Base and to relocate the Joint Communications Support Element which is currently based there. The stated intent is for the Department to delay the implementation of that portion of the recommendation and to reconsider that decision as it would affect the needs of the two commands which will remain there when the Air Force relocates its F–16 fighter training wing.

As a member of both the Defense Subcommittee and the House Permanent Select Committee on Intelligence, I am very familiar with the very unique and highly classified elements of the Special Operations Command and the Central Command which are both headquartered at MacDill. So when the Base Closure Commission recommended the closure of the airfield, I knew that facility was essential to the missions of those commands and I began to make a case for retaining the air operations.

Just after Desert Storm and just before he retired as commander in chief of Central Command, I discussed this

matter with Gen. Norman Schwarzkopf at his appearance before the Intelligence Committee. He confirmed my assertion that the airfield was essential to his mission.

At a hearing on the needs of the Special Operations Command before the Defense Subcommittee, I asked Gen. Carl Stiner, the commander in chief of the Special Operations Command, if his headquarters could function at a facility that does not have aviation capability? He said "It would be very, very difficult because you have two major headquarters at MacDill and they are going to remain there."

And during a hearing on March 4, of this year, I asked the current commander in chief of the Central Command, Gen. Joseph Hoar, how he felt about keeping the airfield open. He said, "Carl Stiner and I, the commander of the Special Operations Command, signed a joint letter to the chairman asking him to reconsider with respect to keeping the airfield open. We feel that for operational reasons for both commands, it is very important."

He went on to say, "in my judgment, it is very worthwhile to keep that airfield open."

So, Mr. Chairman, with this testimony and with a body of evidence which cannot be discussed in this forum because of its national security classification, the committee has included strong language about its concerns with regard to keeping the MacDill airfield open and retaining the Joint Communications Support Element there in the report which accompanies this bill. I will insert that portion of the report in the RECORD.

MACDILL AIR FORCE BASE AIRFIELD OPERATIONS

MacDill Air Force Base is the home of the Central Command, the Special Operations Command, the Joint Communications Support Element and the Air Force's 56th Tactical Fighter Training wing. The 1991 Base Closure Commission initially recommended the realignment of the fighter training wing and Joint Communications Support Element to other locations and the closure of the airfield, but decided to keep the Base open after becoming convinced it would be far too expensive to relocate Central Command and/or the Special Operations Command. Both the Commander in Chiefs (CINCs) of the Central Command and Special Operations Command have testified before the Committee that the aviation activities at MacDill are critical to their mission and that they have recommended to the Chairman of the Joint Chiefs that the decision to close the airfield be reconsidered.

The Committee has also determined that it would be far too expensive to relocate these two joint commands. In light of the strong testimony from the CINCs that the airfield is essential to their operations the Committee strongly suggests that the Secretary seriously consider options to continue airfield operations to support the missions of CENTCOM and SOCOM, and any other commands or Federal agencies that could be transferred to MacDill AFB area in the future. One such option would be to contract out the airfield operations as a cost effective way to meet CENTCOM and SOCOM requirements. Furthermore, because of the nature of CENTCOM and SOCOM missions, the Department should certainly consider the security risks of deploying CENTCOM and SOCOM units from other than a secure aviation facility. If such an option is feasible, the Committee recommends that funding for the airfield operations and other related costs be included in the budget of the U.S. Special Operations Command.

In view of the testimony before the Committee and the possible unnecessary costs associated with moving ahead with the current plans, the Committee strongly suggests that the Secretary delay all activity associated with closing the airfield and moving the Joint Communications Support Element until after the next Base Closure and Realignment Commission process commences.

While the Committee still questions the advisability of consolidating the F–16 training mission at Luke Air Force Base because of ground encroachment problems which have developed there since the 1991 Base Closure proceedings, nothing in this report should be interpreted as interfering with those plans.

Mr. PICKETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I ask the distinguished chairman of the subcommittee to engage in a colloquy on the intent of section 9032, which provides that no CHAMPUS fiscal intermediary contract may be modified to require the fiscal intermediary contract to provide support for managed care unless DOD also solicits competitive at-risk proposals.

Mr. MURTHA. Mr. Chairman, will the gentleman yield?

Mr. PICKETT. I yield to the gentleman from Pennsylvania.

Mr. MURTHA. Mr. Chairman, the gentleman from Virginia [Mr. PICKETT] is absolutely correct. Section 9032 is designed to address only the future delivery of managed care service in the Tidewater and any similar projects elsewhere.

Mr. PICKETT. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I yield to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I know that the Department of Defense has an ongoing relationship with the National Institutes of Health, and it is a cooperation that is vital to the well-being of our armed services. It was actively engaged during Desert Storm and Desert Shield, and the chairman of the committee has been a champion when it comes to women's health in the armed services.

To this end I have fought to provide for some very critical needs and funding for women's health research. I and my colleagues from the women's caucus have fought for $300 million more for breast cancer research, $40 million for osteoporosis research, $75 million for research in cervical and ovarian cancer, some of those neglected areas of research.

It is my understanding that the current levels provided for in this bill would allow the chairman to allocate an additional $500 million to a special DOD account for NIH to help fund these needs in women's health research.

Mr. Chairman, is that correct?

Mr. MURTHA. I would say to the gentlewoman [Ms. OAKAR] who has been in the forefront on these issues, she came to me two days ago, and I certainly agree with her recommendation that this kind of money that is provided for Health and Human Service (HHS) should be used in these areas. I know they have to make their own decisions, but I certainly agree that they need more money in these areas, and the preventive care that these would provide would actually save not only suffering but a lot of money.

Ms. OAKAR. Mr. Chairman, let me thank the gentleman again. I am going to interpret that as a positive answer.

Let me also commend him for not only this issue and for being sensitive about it, but for his efforts to investigate and eliminate sexual harassment and sex-based discrimination in the military. I for one really applaud him for his reaction to the Tailhook incident, and the insensitively of a selective number of the upper echelon and other Navy personnel for ignoring the women who serve this country, who went through the system with their complaints, and somehow now they are being castigated as having something wrong with them because they did not want to be harassed and practically getting raped.

To me it is reminiscent of the way the upper echelon treated Clayton Hardwick, that whole incident, when they blamed a young man and demeaned his reputation for an explosion that we all know was not caused by this dead sailor.

I want to compliment the gentleman. It is not easy to come out right on these issues, and I am glad it came from him.

AMENDMENT OFFERED BY MR. BURTON OF INDIANA

Mr. BURTON of Indiana. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURTON of Indiana: Page 43, strike out line 22 and all that follows through line 9 on page 44.

Mr. BURTON of Indiana. Mr. Chairman, I will not make my usual impassioned plea today to cut pork by going into all the sordid details about the budget deficit and the impending economic collapse of the nation if we do not get control of our spending. I think the Members have heard that enough this week. I may bring it up next week again.

Today I want to talk briefly about a project.

Mr. DICKS. Mr. Chairman, will the gentleman yield for a brief comment?

Mr. BURTON of Indiana. I am happy to yield to my colleague, the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I was somewhat surprised that the gentleman would not mention the fact that the Subcommittee on Defense of the Committee on Appropriations has reduced the budget from last year's funding level by $17 billion in budget authority.

Mr. BURTON of Indiana. If the gentleman had been on the floor earlier, he would have heard me say that.

Mr. DICKS. Then I commend the gentleman for his comments.

Mr. BURTON of Indiana. Mr. Chairman, in my view this amendment is one of the most blatant pork barrel projects that we have seen come before this body. This is a $10 million no-strings-attached grant to the Edward R. Roybal Foundation in California. According to this bill, this is an unrestricted grant to support the foundation's educational and public service programs for caregivers, practitioners, and educators specializing in applied gerontology.

I do not know what in the world this has to do with the Defense budget and Defense appropriation bill. The report language says that the grant will provide an educational opportunity for individuals adversely affected by personnel reductions in the Department of Defense and defense-related industries. This is a flimsy excuse for diverting defense money to nondefense purposes. This is a back-door attempt to knock down the firewalls between defense and domestic spending.

On March 31, the House overwhelmingly rejected legislation to break down the firewalls by a vote of 238 to 187. If this foundation needs Federal money, it should apply for money through the existing Federal medical research assistance programs, and not through the Defense appropriation bill. We should not be giving a $10 million no-strings-attached grant to a private foundation. This is pure, unadulterated pork.

This grant has not been authorized by the Committee on Armed Services. In fact, the authorizing provision is contained in this appropriation bill, and this was not requested by the administration.

My colleagues know the fiscal problems this country faces. They know about the deficit. They know about the national debt. They have heard what I have said and others have said about the possibility of a real economic calamity if we do not get control of spending. Here is $10 million to a private foundation that is pure unadulterated pork that does not even belong in the Defense appropriations bill, and I hope my colleagues will vote to take it out.

□ 1310

Mr. MURTHA. Mr. Chairman, I rise in opposition to the amendment.

Let me just say to my colleagues I think we really are talking about a very worthwhile foundation that just happens to be named after one of our distinguished Members.

The foundation would offer application of skills to both traditional and older adult students, target individuals adversely affected by drawdown in military and its related industries, offer a credit certificate program in applied gerontology for caregivers and practitioners undergraduate, graduate, and doctoral candidates, involve a partnership between Cal State and L.A. and the surrounding multiethnic community, and the foundation provides scholarships.

So it helps in many ways people who are getting out of the service. We are spending a billion dollars for economic conversion, and we think this should be a part of that bill, and I would ask that we go forward and defeat this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. BURTON].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BURTON of Indiana. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken be electronic device, and there were—ayes 218, noes 200, not voting 16, as follows:

[Roll No. 264]

AYES—218

Allard	Cunningham	Hansen
Allen	Dannemeyer	Harris
Andrews (ME)	Davis	Hastert
Andrews (TX)	DeLay	Hayes (LA)
Archer	Derrick	Hefley
Armey	Dickinson	Henry
AuCoin	Doolittle	Herger
Baker	Dorgan (ND)	Hoagland
Ballenger	Dornan (CA)	Hobson
Barrett	Dreier	Holloway
Barton	Duncan	Hopkins
Bentley	Durbin	Houghton
Bereuter	Eckart	Hubbard
Bevill	Edwards (OK)	Huckaby
Bilbray	Edwards (TX)	Hunter
Bliley	Emerson	Hutto
Boehlert	English	Hyde
Boehner	Erdreich	Inhofe
Boxer	Ewing	Jacobs
Brewster	Fawell	James
Browder	Fields	Jenkins
Bruce	Fish	Johnson (CT)
Bryant	Franks (CT)	Johnson (TX)
Bunning	Gallegly	Johnston
Burton	Gallo	Jones (GA)
Callahan	Gekas	Kasich
Camp	Gillmor	Klug
Carper	Gingrich	Kolbe
Chandler	Glickman	Kopetski
Coble	Goodling	Kostmayer
Coleman (MO)	Goss	Kyl
Combest	Gradison	LaFalce
Condit	Grandy	Lagomarsino
Cooper	Guarini	Laughlin
Costello	Gunderson	Leach
Cox (CA)	Hall (OH)	Lehman (CA)
Cox (IL)	Hall (TX)	Lent
Cramer	Hamilton	Lewis (FL)
Crane	Hancock	Long
Machtley	Porter	Smith (NJ)
Marlenee	Poshard	Smith (OR)
Martin	Pursell	Smith (TX)
Mazzoli	Quillen	Snowe
McCandless	Rahall	Solomon
McCollum	Ramstad	Spence
McCrery	Ravenel	Spratt
McCurdy	Ray	Staggers
McEwen	Regula	Stallings
McGrath	Rhodes	Stearns
McHugh	Ridge	Stenholm
McMillan (NC)	Riggs	Stump
Meyers	Ritter	Sundquist
Mfume	Roberts	Swett
Michel	Roemer	Synar
Miller (WA)	Rogers	Tauzin
Molinari	Rohrabacher	Taylor (NC)
Moody	Roth	Thomas (CA)
Moran	Roukema	Thomas (WY)
Morella	Rowland	Torricelli
Morrison	Santorum	Unsoeld
Murphy	Sarpalius	Upton
Neal (NC)	Sawyer	Valentine
Nichols	Saxton	Vento
Nussle	Schaefer	Volkmer
Orton	Schiff	Walker
Owens (UT)	Schulze	Weber
Oxley	Sensenbrenner	Weldon
Packard	Sharp	Williams
Patterson	Shaw	Wolpe
Paxon	Shays	Wylie
Pease	Shuster	Zeliff
Penny	Sikorski	Zimmer
Petri	Slattery	

NOES—200

Abercrombie	Gaydos	Mollohan
Ackerman	Gejdenson	Montgomery
Alexander	Gephardt	Moorhead
Anderson	Geren	Mrazek
Andrews (NJ)	Gibbons	Murtha
Annunzio	Gilchrest	Myers
Anthony	Gilman	Nagle
Applegate	Gonzalez	Natcher
Aspin	Gordon	Neal (MA)
Atkins	Green	Nowak
Bacchus	Hammerschmidt	Oakar
Bateman	Hatcher	Oberstar
Beilenson	Hayes (IL)	Obey
Bennett	Hertel	Olin
Berman	Hochbrueckner	Olver
Billrakis	Horn	Ortiz
Blackwell	Horton	Owens (NY)
Borski	Hoyer	Pallone
Boucher	Hughes	Panetta
Brown	Ireland	Parker
Byron	Jefferson	Payne (NJ)
Campbell (CA)	Johnson (SD)	Payne (VA)
Cardin	Jones (NC)	Pelosi
Carr	Jontz	Perkins
Chapman	Kanjorski	Peterson (FL)
Clay	Kaptur	Peterson (MN)
Clement	Kennedy	Pickett
Clinger	Kennelly	Pickle
Coleman (TX)	Kildee	Price
Collins (MI)	Kleczka	Rangel
Conyers	Lancaster	Reed
Coughlin	Lantos	Richardson
Coyne	LaRocco	Rinaldo
Darden	Lehman (FL)	Roe
de la Garza	Levin (MI)	Ros-Lehtinen
DeFazio	Levine (CA)	Rose
DeLauro	Lewis (CA)	Rostenkowski
Dellums	Lewis (GA)	Roybal
Dicks	Lightfoot	Russo
Dingell	Lipinski	Sabo
Dixon	Livingston	Sanders
Donnelly	Lloyd	Sangmeister
Dooley	Lowery (CA)	Scheuer
Downey	Lowey (NY)	Schroeder
Dwyer	Luken	Schumer
Early	Manton	Serrano
Edwards (CA)	Markey	Sisisky
Engel	Matsui	Skaggs
Espy	Mavroules	Skeen
Evans	McCloskey	Skelton
Fascell	McDade	Slaughter
Fazio	McDermott	Smith (IA)
Feighan	McMillen (MD)	Solarz
Flake	McNulty	Stark
Foglietta	Miller (CA)	Stokes
Ford (MI)	Miller (OH)	Studds
Ford (TN)	Mineta	Swift
Frank (MA)	Mink	Tallon
Frost	Moakley	Tanner

Taylor (MS)	Vucanovich	Wise
Thomas (GA)	Walsh	Wolf
Thornton	Waters	Wyden
Torres	Waxman	Yates
Towns	Weiss	Yatron
Traficant	Wheat	Young (AK)
Vander Jagt	Whitten	Young (FL)
Visclosky	Wilson	

NOT VOTING—16

Barnard	Collins (IL)	Savage
Bonior	Dymally	Smith (FL)
Brooks	Hefner	Traxler
Broomfield	Kolter	Washington
Bustamante	Martinez	
Campbell (CO)	Pastor	

□ 1332

Mrs. KENNELLY, Mr. DIXON, and Mr. BEILENSON changed their vote from "aye" to "no."

Mrs. JOHNSON of Connecticut, Messrs. KOSTMAYER, STALLINGS, SYNAR, SHARP, RIGGS, TORRICELLI, PENNY, MAZZOLI, CONDIT, CRAMER, DAVIS, GEKAS, FISH, and MFUME, Mrs. UNSOELD, Mrs. BOXER, and Mr. BILBRAY changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1330

AMENDMENT OFFERED BY MR. PENNY

Mr. PENNY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PENNY;

Page 24, line 6, strike out "$3,337,482,000" and insert in lieu thereof "$2,550,680,000".

Mr. PENNY (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 Minnesota?

There was no objection.

The CHAIRMAN. The Chair will advise Members that all debate time has expired.

Mr. PENNY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. PENNY. Mr. Chairman, this is one of three bipartisan amendments which I and my colleagues intend to offer dealing with cold war weapon systems which continue to be funded at very high levels. These amendments will save taxpayers a total of $4.1 billion. This is a chance for Members on both sides of the aisle to vote for significant deficit reduction.

This particular amendment, offered by myself and the gentleman from Oregon [Mr. AUCOIN], reduces the Navy weapons procurement account by $787 million—the amount the bill appropriates to procure 17 Trident II, D–5, missiles. As you know, the D–5 missile was developed during the cold war for the Navy as a hard target kill system which could destroy hard targets such as ICBM silos and underground command bunkers in the Soviet Union. The D–5 missile is deployed on the Navy's Trident II submarines.

In February of this year, I introduced legislation to terminate procurement of the D–5 missile after about 275 missiles at the end of fiscal year 1992. Each of these D–5 missiles is capable of carrying 8 nuclear warheads or a total of 2,000 nuclear warheads. With an inventory of 275 D–5 missiles, the Navy could deploy 6 D–5 equipped Trident submarines, with 1,152 warheads, and still have nearly 130 extra D–5 missiles for tests and evaluations.

In February of this year, the Congressional Budget Office reported that just "six D–5 submarines would have more potential to destroy hardened targets than today's entire ballistic missile submarine fleet." With the end of the cold war and the breakup of the Soviet Union, the threat of nuclear war with Russia is extremely remote. In addition, 2 weeks ago, the United States and Russia agreed to sharp reductions in nuclear weapons. The United States is to be limited to 1,728 warheads on strategic submarines, down from the current level of 5,000 warheads. Since the United States already has enough D–5 missiles produced to carry 1,152 nuclear warheads, and since the United States also has an additional 8 trident I, C–4, submarines—deployed with another 1,536 warheads—it seems logical that we do not need to produce any more D–5 missiles.

Before I yield my time, I would like to thank Chairman ASPIN for requesting—on my behalf—that the Congressional Budget Office study the alternatives to continuing with procurement of the D–5 missile. I would also like to thank Chairman MURTHA for already reducing the administration's request for D–5 procurement by four missiles and $200 million. This was an important first step and sends a strong message to the Pentagon that there are implications for the D–5 missile due to the end of the cold war.

I would simply suggest we send an even stronger message to the Pentagon by supporting my amendment and in the process saving the taxpayers this year nearly $787 million.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. PENNY].

The amendment was rejected.

AMENDMENT OFFERED BY MR. KASICH

Mr. KASICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KASICH:

Page 119, after line 2, insert the following new section:

SEC. 9131. Amounts appropriated in this Act for operation and maintenance for the Navy (for the payment of severance pay to foreign nationals employed by the Department of Defense in the Republic of the Philippines) shall be reduced by $52,000,000.

Mr. KASICH (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 Ohio?

Mr. AUCOIN. Reserving the right to object, Mr. Chairman, I do not intend to object, but I would like to have some means by which to know on behalf of the membership, if debate time has been exhausted.

The CHAIRMAN. The Chair will restate the situation.

There are two amendments remaining with time designated under the rule. Those amendments may be offered and debated to the extent provided for in the rule. Other amendments may be offered, but all time for debate has expired. Therefore, other amendments may be offered but not debated.

The gentleman from Oregon has time under a reservation of objection to the unanimous consent of the gentleman from Ohio [Mr. KASICH].

Does the gentleman from Oregon yield under his reservation?

Mr. AUCOIN. Further reserving the right to object, Mr. Chairman, my point is, is it going to be possible for the membership to know when an amendment is offered and somebody asks unanimous consent for the amendment not to be read, and I want to accommodate people who make such a unanimous-consent request. I do not want to object to those things, but is there some way in which the membership can know whether it is an amendment that has been contemplated under the rule?

Second, Mr. Chairman, would it be possible under a unanimous-consent request for Members to at least describe their amendments?

The CHAIRMAN. Unanimous-consent requests may be made. A Member may reserve the right to object and engage in discussion.

Mr. AUCOIN. Mr. Chairman, I have to exercise that option, and in this case I would like to have an explanation of the amendment.

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. AUCOIN. I yield to the gentleman from Ohio.

Mr. KASICH. Mr. Chairman, I say to the gentleman, what the Chair has suggested, I have an amendment, and if I ask unanimous consent to be able to explain my amendment in one minute, if nobody objects, it could be done. I would think we would be able to achieve that.

Mr. AUCOIN. Mr. Chairman, I will tell the gentleman, I would not object if that is what other Members have an intent to do, but I would object if there is no such intention.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio [Mr. KASICH].

Mr. DICKS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will continue the reading of the amendment.

The Clerk concluded the reading of the amendment.

Mr. KASICH. Mr. Chairman, I ask unanimous consent that I may have 30 seconds to explain the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KASICH. Mr. Chairman, what the amendment does is to conform the appropriations bill with the authorizing bill that stops the payment of $52 million in severance pay to the Filipinos when they threw us out of their country. We do not think we ought to pay this.

I have checked with the chairman and the ranking member.

Mr. MURTHA. Mr. Chairman, we have no objection to the amendment.

□ 1340

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. KASICH].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DORGAN OF NORTH DAKOTA

Mr. DORGAN of North Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DORGAN of North Dakota: Page 119, after line 2, add the following new section:

SEC. 9131. The total amount appropriated to or for the use of the Department of Defense by this Act is reduced by $200,000,000 to reflect savings resulting from the decreased use of consulting services by the Department of Defense. The Secretary of Defense shall allocate the amount reduced in the preceding sentence and not later than March 1, 1993, report to the Senate and the House Committees on Appropriations and Armed Services how this reduction was allocated among the Services and Defense Agencies. *Provided*, That this section does not apply to the reserve components.

Mr. DORGAN of North Dakota (during the reading). Mr. Chairman, I ask unanimous consent the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

The CHAIRMAN. The amendment offered by the gentleman from North Dakota [Mr. DORGAN] has been printed in the rule, and under the rule, the gentleman from North Dakota is recognized for 10 minutes, and a Member opposed will be recognized for 10 minutes.

Is there a Member opposed?

Mr. MCDADE. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MCDADE] will be recognized for 10 minutes.

The Chair recognizes the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, under my time I would like to yield for a colloquy to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. I thank the gentleman for yielding to me, and I would like to engage the chairman of the Subcommittee on Defense Appropriations in a colloquy concerning the strategic environmental research section of the defense appropriations bill.

Mr. Chairman, the Defense Appropriation's Subcommittee has set aside funds for the National Environmental Waste Technology Testing and Evaluation Center to develop and use new technologies to begin the remediation and cleanup of residual waste.

Mr. Chairman, is it your understanding that any contaminated waste samples will be only the low-toxicity waste currently identified at the DOD sites in Montana with environmental problems as well as other contaminated water sites in the State. Furthermore is it your understanding that any contaminated waste samples be only test samples from the 77 DOD sites in Montana to be shipped back to the originator when testing is completed.

Mr. MURTHA. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Pennsylvania.

Mr. MURTHA. I thank the gentleman for yielding.

Mr. Chairman, that is my understanding.

Mr. WILLIAMS. I thank the gentleman from Pennsylvania for his comments, and I thank the gentleman from North Dakota [Mr. DORGAN] for yielding.

Mr. DORGAN of North Dakota. Mr. Chairman, the amendment that the clerk was reading is an amendment that is rather simple.

Mr. Chairman, I rise today to offer an amendment with my colleagues Mr. PENNY and Mrs. BOXER to cut $500 million from the Defense appropriations bill. This cut in funding for excess secondary defense items such as spare parts, clothing, and medical supplies should be affirmed for many reasons:

DOD sells unneeded secondary inventory for a mere 2 percent of actual value. Taxpayers take a 98-percent loss. In 1990, this wasteful practice cost American taxpayers $10 billion.

According to GAO, defense inventory management is one of 16 government activities that are highly vulnerable to mismanagement, fraud, and abuse. GAO recommends a $5 billion cut this year for spending on unneeded items.

Currently, DOD admits having more than $21 billion in unneeded secondary defense inventory on hand. Nonetheless, it was found last year that DOD ordered an additional $2.5 billion in unneeded secondary stockpiles.

A recent audit found that Army units at 13 divisions had $184 million in spares above their needs. Air Force inventories increased by 110 percent between 1987 and 1990. Meanwhile, buying commands continued purchasing these same items they already had in stock.

DOD's own inspector general has acknowledged that the defense supply system is irresponsible, ordering secondary items far above current needs and wholly unrelated to future needs.

The cold war is over. We must take this opportunity to make responsible cuts in our defense spending in order to cut the towering Federal deficit. This amendment is responsible and carefully crafted to make sensible reductions that will not impair defense readiness. This amendment also carries forward findings from the Democratic Caucus Task Force on Government Waste.

In short, there are good, sound reasons to cut $500 million in spending for excess secondary defense items. Our amendment to H.R. 5504 will give every Member a chance to reinforce the House position on this important matter. This is an excellent opportunity for defense savings that will not impair our national security.

The text of the amendment follows:

Page 119, after line 2, add the following new section:

SEC. 9131. The total amount appropriated to or for the use of the Department of Defense by this Act is reduced by $500,000,000 to reflect savings with respect to secondary excess inventory items of the Department of Defense. The Secretary of Defense shall allocate the amount reduced in the preceding sentence and not later than March 1, 1993, report to the Senate and the House Committees on Appropriations and Armed Services how this reduction was allocated among the Services and Defense Agencies: *Provided*, That this section does not apply to the reserve components.

Mr. MURTHA. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I am happy to yield to the gentleman from Pennsylvania.

Mr. MURTHA. I thank the gentleman for yielding.

Mr. Chairman, we have tried to stay on top of this excess inventory. As a matter of fact, we took out $1 billion in rescissions earlier this year. We agree something needs to be taken out of it, so we will agree to the amendment. We think that it may be a little bit too much, but we will adjust it in conference.

So, Mr. Chairman, we accept the amendment.

Mr. DORGAN of North Dakota. Mr. Chairman, I yield to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. I thank the gentleman for yielding.

Mr. Chairman, I also want to express my appreciation to the chairman of the subcommittee, the gentleman from Pennsylvania [Mr. MURTHA] for his work with us on this issue. I know that he feels the level of the cut is deeper than can prudently be accommodated, but we feel quite strongly that the inventories have grown significantly over the last number of years and some reduction in the budget for the coming year is in order and would indicate our willingness to continue to work with the chairman to manage this cut appropriately.

Mr. DORGAN of North Dakota. Mr. Chairman, once again this would cut $500 million.

If we have an affirmative voice vote, I would not expect to call for a record vote on this matter.

I would ask those who rose in opposition if they are determined to use the time? If they determine not to, I would yield back the balance of my time, but I would inquire of the gentleman what his intentions are.

Mr. MCDADE. Mr. Chairman, I would urge the gentleman to yield back his time. I have a colleague to whom I need to yield for some comments not directly on point. I know the gentleman is sincere. I do not fully agree, but we expect to accept it on this side.

Mr. DORGAN of North Dakota. Mr. Chairman, I reserve the balance of my time.

Mr. MCDADE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BARTON].

Mr. BARTON of Texas. Mr. Chairman, I will not use the entire amount of time.

I rise to object to the provision in this bill, title IX, section 9115 of the fiscal year 1993 Defense appropriations bill prohibiting funds for the Pentagon to assist in the sale of LTV to Thomson-CSF.

Clearly, while disguised as a limitation on funding, section 9115 constitutes legislation on an appropriations bill and is therefore in violation of clause 2, rule 21 of the House Rules prohibiting such violations of the authorizing committee's jurisdiction.

In this instance the House Armed Services Committee has conducted a series of oversight investigative hearings and is in the process of verifying agency recommendations on the proposed sale of LTV to Thomson-CSF. Accordingly, it clearly is premature and inappropriate at this time for the Defense Appropriations Committee to legislate on this matter before the Armed Services Committee holds its scheduled July 8 conclusory hearings on the proposed bankruptcy purchase transaction. Mr. Chairman, I would move to raise a point of order on section 9115 at this time were such a point of order available to me under the rule bringing this bill to the floor of the House.

As the Rules Committee chose to waive such points of order, I intend to press this matter in the conference and on the conference bill on this issue.

I will not move to strike this section 9115 provision at this time as this issue largely will be mooted by the actions of the House Armed Services Committee having jurisdiction, and by the decision of the President shortly under the Exon-Florio procedures established by the Congress in 1988 for business mergers having national security interests.

Mr. MCDADE. Mr. Chairman, we accept the amendment offered by the gentleman from North Dakota [Mr. DORGAN].

Mr. DERRICK. Mr. Chairman, I rise in support of the Dorgan-Boxer-Penny amendment to cut $500 million in funding for costly excess defense inventories.

This amendment would not hamper readiness because the cuts would be targeted specifically at excess inventories of such things as spare parts, clothing, and medical supplies. When I say excess, I'm talking about items the armed services don't even need.

This is an area where GAO has identified incredible amounts of waste over the last 20 years in more than 130 reports. And DOD's own inspector general has acknowledged that the defense supply system orders secondary items far above current needs and entirely unrelated to any future needs.

Some recent findings point out the great need to cut funding for excess inventories:

For instance, though DOD acknowledges having $21 billion in unneeded surpluses on hand, it was found last year that an additional $2.5 billion in useless extra inventories were on order.

A recent audit revealed Army units at 13 divisions had $184 million in spares above their needs; meanwhile, buying commands were purchasing these same parts.

While Air Force inventories were increasing by 110 percent between 1987 and 1990, buying commands continued to purchase spare parts they already had.

Mr. Chairman, this is clearly an area where we can cut without diminishing readiness. I ask my colleagues to vote for the Dorgan-Boxer-Penny amendment and to cut the fat in excess DOD inventories.

Mr. Chairman, I yield back the balance of my time.

Mr. DORGAN of North Dakota. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. DORGAN].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DORGAN OF NORTH DAKOTA

Mr. DORGAN of North Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DORGAN of North Dakota: Page 119, after line 2, add the following new section:

SEC. 9131. The total amount appropriated to or for the use of the Department of Defense by this Act is reduced by $500,000,000 to reflect savings with respect to secondary excess inventory items of the Department of Defense. The Secretary of Defense shall allocate the amount reduced in the preceding sentence and not later than March 1, 1993, report to the Senate and the House Committees on Appropriations and Armed Services how this reduction was allocated among the Services and Defense Agencies: *Provided*, That this section does not apply to the reserve components.

Mr. DORGAN of North Dakota (during the reading). Mr. Chairman, I ask unanimous consent the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

The CHAIRMAN. Under the rule, the gentleman from North Dakota [Mr. DORGAN] will be recognized for 10 minutes, and a Member opposed will be recognized for 10 minutes.

Is the gentleman from Pennsylvania [Mr. MCDADE] opposed?

Mr. MCDADE. I am, Mr. Chairman.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MCDADE] will be recognized for 10 minutes.

The Chair recognizes the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. Mr. Chairman, I yield my self such time as I may consume.

Mr. Chairman, I rise to offer an amendment to cut $200 million in outside consulting fees from accounts in the fiscal year 1993 Defense appropriations bill. Joining me as cosponsors of the amendment are Representatives BOXER, HORN, and PENNY.

Now that the cold war has ended we should seek prudent reductions in defense spending. But even if we still faced a Soviet adversary we would be obliged to make sure that tax dollars for defense programs are spent wisely.

This amendment attempts to restore some sounder management to the troublesome area of contracted advisory and assistance services [CAAS]. This office is responsible for hiring outside consultants for the Department of Defense. These consultants are hired to provide expert advice to the Pentagon on a variety of issues.

Regrettably, studies by the General Accounting Office [GAO], the Defense Department [DOD] inspector general, and the House Government Operations Committee show widespread waste of funds on outside consultants. Let me, therefore, illustrate the reason why a cut of $200 million is needed.

The administration's request for contracting advisory and assistance services [CAAS] or consulting services for fiscal year 1993 is $1.2 billion, a 1 percent increase over last year.

The Department of Defense inspector general has issued a number of reports since 1986 detailing the management problems and waste associated with DOD's reliance on consultants.

For instance, a February 1991 audit concluded that DOD is contracting out services that should be performed in house. DOD has not determined the cost effectiveness of consultant support. While DOD spent between $2.8 and $5 billion in fiscal year 1987 for CAAS work, the DOD IG determined that 37 to 50 percent could have been saved if the work were done in house—in some cases.

An August 1991 IG report for Congresswoman BOXER found that over $26 million could be saved if consultants used for operational test functions alone were brought in house.

An October 1991 IG report found DOD agencies underreporting CAAS expenditures by $20.4 million in fiscal year 1989 and over $19 million in fiscal year 1990. The underreporting was due to unclear, conflicting and inadequate guidance, and improper interpretation of the definition of CAAS.

Congress should not be voting increases in CAAS funding when we don't know the true extent of expenditures

and the IG is telling us we could save money by spending less on outside contractors and bringing the work in house.

The Defense appropriators, like the Armed Services authorizers, reduced the administration's request by $45 million. We can do better. Staff has suggested that an additional $200 million can and should be cut.

So, it's evident that even the Pentagon's own inspector general agrees that CAAS needs reform. Unfortunately, DOD's 1993 budget request for CAAS does not reflect the many audit recommendations to spend less on outside consultants and to better manage the use consultants which are hired.

The Department request for $1.2 billion for 1993—an increase over last year's level—makes no sense. I don't think a program that has been singled out for wasteful spending by the GAO should be increased.

The Appropriations Committee has properly cut the Pentagon request by $45 million. However, the weight of evidence from the many reports I cited prompts me and my colleagues to seek an even deeper reduction.

Again, our amendment will cut an additional $200 million above the $45 million reduction made by the committee. We have drafted our amendment so that the Secretary of Defense will have the ability to allocate the reductions among various defense agencies. The Secretary will then report to the Congress by March 1, 1993, on how the reductions were allocated.

This is a sensible amendment. It reduces waste without harming national defense. It does not reduce spending for essential defense activities. It simply implements recommendations of numerous studies which called for reductions in outside consulting fees.

The amendment insists that the Pentagon trim excessive overhead costs. This was a key recommendation in the report of the Democratic Caucus Task Force on Government Waste, "The Challenge of Sound Management."

I urge my colleagues to support the Dorgan-Boxer-Horn-Penny amendment as a prudent step to reduce excess overhead costs in the Department of Defense.

The text of the amendment follows.

Page 119, after line 2, add the following new section:

SEC. 9131. The total amount appropriated to or for the use of the Department of Defense by this Act is reduced by $200,000,000 to reflect savings resulting from the decreased use of consulting services by the Department of Defense. The Secretary of Defense shall allocate the amount reduced in the preceding sentence and not later than March 1, 1993, report to the Senate and the House Committees on Appropriations how this reduction was allocated among the Services and Defense Agencies: *Provided*, That this section does not apply to the reserve components.

Mr. Chairman, I will yield to my friend, the gentleman from Minnesota [Mr. PENNY], and to the gentlewoman from California [Mrs. BOXER]. But before I do that, for purposes of the colloquy, I have been asked to yield to the gentleman from Connecticut [Mr. SHAYS].

Mr. Chairman, I yield such time as he may consume to the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. I thank the gentleman for yielding to me on an unrelated matter.

Mr. Chairman, on behalf of the gentleman from Massachusetts [Mr. FRANK] and myself, I would like to engage the chairman in a brief colloquy.

Mr. Chairman, on June 3, the House passed an amendment offered by Representative BARNEY FRANK and myself to reduce the overall Defense authorization bill by $3.5 billion, with the savings coming either from decreased troop level expenditures overseas or increased payments on the part of the host nations or a combination of the two. The amendment passed by a vote of 220 to 185, and then was passed again.

I would appreciate the distinguished chairman confirming this understanding and explaining where the reductions were made in the appropriations bill to reflect this amendment.

Mr. MURTHA. Mr. Chairman, will the gentleman yield?

Mr. SHAYS. I yield to the chairman of the subcommittee, the gentleman from Pennsylvania [Mr. MURTHA].

Mr. MURTHA. I thank the gentleman for yielding.

Mr. Chairman, I appreciate the leadership of the gentleman from Connecticut [Mr. SHAYS] and the gentleman from Massachusetts [Mr. FRANK], which they have taken on this particular issue. There is no question in my mind an awful lot had to be done, and the House agreed with them completely. We want to see a full plan when it comes out of conference. You can be assured we will support it strongly because we think burden sharing is something whose time has come and the United States can no longer bear the burden of protecting the whole world.

So I commend the gentlemen for the work they have done. You can be assured we will act accordingly once you get a plan in place.

Mr. SHAYS. I thank the gentleman and appreciate his good work.

Mr. DORGAN of North Dakota. Mr. Chairman, I thank the gentleman.

□ 1350

Mr. Chairman, I yield to the gentleman from Minnesota who is a coauthor, along with the gentlewoman from California [Mrs. BOXER] and the gentleman from Kansas [Mr. GLICKMAN], of this amendment.

Mr. PENNY. Mr. Chairman, this is clearly an area that needs to be scrubbed. We have identified inspector general studies that have indicated that outside consulting costs 37 to 50 percent more than the same review and analysis done in house. With that differential it seems clear that we should encourage the Department to do more of this without contracting with those outside the Department. This is a $200 million cut in a $1.2 billion expenditure. I think it is reasonable and it is a step in the right direction. I would urge adoption.

Mr. DORGAN of North Dakota. Mr. Chairman, I yield 1 minute to the gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. Mr. Chairman, I want to point out that this amendment is quite important because it is going after an area, that many reports have told this Congress, is an area where we can really save money.

A February 1991 audit by the DOD inspector general concluded that DOD is contracting out services that should be performed in house, and it further said that 37 to 50 percent could have been saved in this particular arena if the work were done in house.

So, Mr. Chairman, I am very pleased to be part of this amendment. I am glad that the chairman is accepting it.

Mr. DORGAN of North Dakota. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. Mr. Chairman, I rise in support of this amendment.

Mr. Chairman, it is utterly preposterous for us to be passing a bill today that increases funding for weapons programs that we have absolutely no need for anymore. For 45 years we spent huge amounts to defend ourselves from the dangerous threat emanating from that Communist giant, the former Soviet Union. But now, that enemy has disappeared into the morning mist, and there is absolutely no reason to continue to spend close to $265 billion on defense each year.

It is absurd that from a peak level of roughly $300 billion annually during the frozen climes of the cold war, now that we have entered into the calm serenity of the post-cold-war era, that we haven't had the brains or the will to reduce that bloated military budget by more than 10 percent.

Mr. Chairman, I support the Penny-Frank-Santorum amendment to delete $2.7 billion in procurement funds for the B–2 bomber and the Penny-Durbin-Green amendment to cut $700 million from the SDI program. Rather than throwing these funds away on unproven weapons systems that no longer have a mission, we should invest these funds in urgent domestic needs such as education, health, infrastructure, and environmental protection. At the very least, we should apply some of these precious billion to deficit reduction.

I continue to be amazed, Mr. Chairman, that the Defense Department and the President—and many in this Congress who voted for the balanced budget amendment—want us to build more B–2 bombers in these times of fiscal straits. We already have procured 15 planes, which will cost taxpayers some $34 billion. We have no earthly need for any more.

The mission they were supposed to fulfill—to make a stealthy intrusion into Soviet airspace and to overwhelm Soviet defenses and to bomb Russian cities and military installations back to the Stone Age—has utterly vanished.

Just last month, Mr. Chairman, Russian President Boris Yeltsin stood before us in this Chamber and received our applause when he pledged that Russia would never fight a war against America. He and the President signed a historic arms-control agreement that will cut both nations' nuclear arsenals by more than 50 percent.

That is why I also support cutting $700 million from the SDI program. Not a scientist alive really believes that the star wars will work against ICBM's and is anything other than a fanciful illusion. Here is another program for which there is no longer any urgent mission, certainly not on the order of $3.5 billion appropriated for it in this bill. Now is the time for us to stand up and be counted as voting for commonsense rationality and financial discipline, not just the empty phrases and sterile platitudes that we heard used to justify the balanced budget amendment.

Mr. Chairman, I urge my colleagues to consider how many Head Start slots, college student tuitions, elderly Medicare benefits, and how many of those 38 million folks who are totally excluded from our national health care system that one B–2 bomber, costing from a half a trillion to a trillion dollars, could finance. Or to consider how such a sum could be applied toward reducing our deficit, estimated this year to be more than $350 billion.

It is an assault on reason and rationality to squander our resources on these absurdly unnecessary and irrelevant programs now, when our communities and constituents desperately need all the resources we can possibly muster for their benefit.

Mr. DORGAN of North Dakota. Mr. Chairman, I yield 1 minute to the gentlewoman from Missouri [Ms. HORN], who also is a cosponsor of this amendment.

Ms. HORN. Mr. Chairman, our amendment aims to cut $200 million from contracted services for the Department of Defense. Total of $1.2 billion.

Studies conducted by the GAO and the inspector general's office at the Department of Defense have indicated the need for serious reform of contracted advisory and assistance services. The problems with CAAS can be found in one of these audits completed last August by the inspector general. In this report, the inspector general recommended legislative changes, internal controls, and replacing Services contractors with in-House civilian employees to curtail waste within the CAAS program.

It is these recommendations, along with many others completed by the inspector general on CAAS, that brings me to the floor to reduce funding for this program. Even the President agrees this program contains waste. The 1993 budget states the "DOD inspector general report indicates that under some definitions, CAAS may be underreported by several billion dollars." The GAO and the House Armed Services Committee have urged that tighter management controls be placed over contracted advisory and assistance services.

To highlight some of the money wasted on outside consultants by the Department of Defense, the House Government Operations Committee discovered that the strategic defense initiative office hired a consultant in 1991 for $264,000 to issue a report to Congress on SDI. The committee's investigation found that the consultant's report for 1991 took verbatim many of the paragraphs from the same report this same consultant wrote the year before for about the same price.

The committee also discovered that the strategic defense initiative office paid $1 million to a contractor to help it prepare for a single meeting. That's right, a single meeting. For those of us who have consistently voted against SDI, this type of abuse is especially appalling.

Unfortunately, the Department of Defense's 1993 request for CAAS does not heed these recommendations. The Department request for CAAS is $1.2 billion, which represents a 1-percent increase over last year. I do not think a program that has been singled out for wasteful spending by the GAO, the inspector general of the DOD, and the President of the United States should receive a funding increase.

If the Department of Defense is not willing to make the necessary changes to the CAAS program, then it is incumbent upon Congress to make these changes for the Department. I am pleased the House Armed Services Committee recommended and the Defense appropriations acted to cut $45 million from the Department's request for CAAS, but I believe we can cut more from this program. Our amendment simply reduces the funds for CAAS by $200 million, thus forcing it to follow the inspector general's recommendations.

Mr. DORGAN of North Dakota. Concluding the discussion on this amendment from this side, Mr. Chairman, I neglected to mention on the past amendment on the inventory issues that the gentleman from South Carolina [Mr. DERRICK] played a key role and was a cosponsor.

I also want to say to the gentleman from Pennsylvania [Mr. MCDADE], my friend, and to the chairman, that I understand that it is not pleasant to have a bill come to the floor and have folks suggest additional costs. I recognize that both these gentlemen have done an awfully good job looking in virtually every area for savings and they have achieved a substantial amount of savings in this legislation.

We also appreciate those of our colleagues who have offered this amendment, their consideration of it, and it is not my intention to ask for a recorded vote, assuming that we have an affirmative vote here on the floor of the House, and once again I want to thank both the Chairman and the ranking Member.

Mr. Chairman, I reserve the balance of my time.

Mr. MCDADE. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, I rise in strong opposition to the amendment of the gentleman from North Dakota [Mr. DORGAN], but I will do so succinctly.

This week a Member from this side, the gentleman from California [Mr. COX], offered an amendment that would have saved hundreds of thousands of dollars from the GAO. These types of consultants and someone at the Rand Corp. could have done the same thing at a cost of 1 one-thousandth of the price, but the other side of the aisle would not cut their own left arm off, and I would say to the gentleman that wants to cut consultant fees, "Let's do it at the expense of the GAO who's 10 times more expensive."

Mr. MCDADE. Mr. Chairman, we are prepared to accept the amendment offered by the gentleman on this side of the aisle, and we yield back the balance of our time.

Mr. DORGAN of North Dakota. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. DORGAN].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PENNY

Mr. PENNY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PENNY: Page 29, line 10, strike out "$9,427,005,000" and insert in lieu thereof "$6,740,433,000".

Mr. PENNY. Mr. Chairman, I ask unanimous consent to proceed for 1 minute to describe the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. PENNY. Mr. Chairman, this is an amendment to reduce the Air Force aircraft procurement account by $2.7 billion—the amount that the bill appropriates to purchase four more B–2 bombers.

Members are well aware of the pros and cons of the B–2 bomber as a weapon system—so I will not attempt to address this issue now. The real issue is the fact that the difference between a 15-aircraft B–2 fleet and a 20-aircraft B–2 fleet is $10 billion or about $2 billion per extra B–2 bomber.

For the past 2 years this body has concluded that 15 B–2 bombers was a

sufficient number of aircraft considering the end of the cold war and the dissolution of the Soviet Union. This year, some have suggested that we extend the program by five additional aircraft costing an additional $10 billion.

Mr. Chairman, we simply do not have the financial ability to fund these additional four or five B–2 bombers. Our deficit this year will total nearly $350 billion. This deficit is not going to get any better if we do not make the difficult budgetary decisions on the floor of this House—and it certainly won't get any better if we don't make the easy budgetary decisions which my amendment today clearly should be.

I urge Members to vote to take a large step toward a balanced budget. I urge Members to vote for the Penny-Frank amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. DICKS. Mr. Chairman, I ask unanimous consent to respond for 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. DICKS. Mr. Chairman, I would just urge my colleagues that this has been a carefully worked out compromise with many of the opponents of the B–2 to end this program at 20 aircraft. That will give us two squadrons of eight. We will not waste a lot of money on unnecessary termination costs.

I think it is an important vote in that the B–2 has extraordinary new conventional capabilities. Do not think of it as a nuclear bomb dropper. It is a conventional weapon that can give us the capabilities of the entire 42 F–117's.

I urge the House to do what it did 2 weeks ago and vote against this amendment.

Mr. BENNETT. Mr. Chairman, I rise today in support of the Penny amendment to cap the B–2 bomber program at 15 aircraft. This has been the House position for the past few years and I believe that given the dramatic changes in the world it makes great sense today.

Let me say that I am supportive of the reorientation of the B–2's role from primarily a nuclear bomber to a conventional bomber. I am also supportive of having a silver-bullet capability with this very capable aircraft similar to that which we have with the F–117. But, as the chairman of the House Armed Services Committee pointed out in the committee's press release after last year's conference ended, "we can get by with 15 planes for a non-nuclear role."

Given the financial problems that our Nation faces, and other higher priority defense needs that I see, I cannot support spending billions more for five additional B–2's, especially as the committee report notes that "there remains substantial uncertainty about the final costs of the B–2 program."

Cost uncertainty and growth have been the hallmarks of the B–2 program to date. Certainly some of this can be attributed to the Congress which cut back yearly purchases, but recent cost growth, especially in the full-scale development program, is related to problems with the aircraft and with its inability to maintain its flight test program. These problems have been documented by the General Accounting Office.

I also have questions about the ability of the aircraft to meet its low observability specifications. We have invested an enormous amount of taxpayer money in the B–2 to date—over $34 billion. We were asked to provide extremely expensive production quality tooling for the preproduction versions of the B–2 because the stealthiness of the aircraft was paramount. We were kept in the black about the progress of the program for years because the stealth technology was so secretive. And yet, now we are being told that the aircraft may not meet its stealth specifications and that we should buy five more at a cost of almost $10 billion additional dollars over the next 6 years.

As I look at the future security environment that is unfolding, I must be honest and say that I think we can better spend our shrinking Federal dollars on more needed defense systems. For example, we need to build more Navy ships, especially aircraft carriers, that will allow this Nation to project its power abroad. At a time when we are cutting back our forces overseas, a strong naval presence is important to show U.S. commitment to various world regions.

I believe that the gentleman from Minnesota [Mr. PENNY] is proposing a good amendment that will not hurt our national security and will help our Nation's financial situation. I support his effort and I hope my colleagues will join me.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. PENNY].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FRANK of Massachusetts. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 173, noes 248, not voting 13, as follows:

[Roll No. 265]

AYES—173

Abercrombie	Conyers	Frank (MA)
Ackerman	Cox (IL)	Gejdenson
Andrews (ME)	Coyne	Gekas
Anthony	DeFazio	Gibbons
Applegate	DeLauro	Gordon
Atkins	Dellums	Green
AuCoin	Derrick	Guarini
Bacchus	Dingell	Hall (OH)
Beilenson	Donnelly	Hayes (IL)
Bennett	Dorgan (ND)	Henry
Bereuter	Duncan	Horn
Berman	Durbin	Hughes
Blackwell	Early	Ireland
Boucher	Edwards (CA)	Jacobs
Boxer	Engel	Jefferson
Bruce	Evans	Johnson (SD)
Cardin	Ewing	Johnston
Carr	Fawell	Jones (GA)
Clay	Feighan	Jones (NC)
Clement	Flake	Jontz
Coble	Foglietta	Kennedy
Collins (MI)	Ford (MI)	Kennelly
Condit	Ford (TN)	Kildee
Kleczka	Olin	Schumer
Klug	Olver	Sensenbrenner
Kopetski	Orton	Serrano
Kostmayer	Owens (NY)	Sharp
LaFalce	Owens (UT)	Shays
Lantos	Pallone	Sikorski
LaRocco	Panetta	Skaggs
Leach	Pastor	Slaughter
Lehman (CA)	Patterson	Snowe
Levin (MI)	Payne (NJ)	Solarz
Lewis (GA)	Pease	Staggers
Lipinski	Pelosi	Stallings
Long	Penny	Stark
Lowey (NY)	Petri	Stokes
Markey	Porter	Studds
Mavroules	Poshard	Swett
Mazzoli	Price	Synar
McCloskey	Pursell	Tallon
McDermott	Rahall	Towns
McHugh	Ramstad	Traficant
Mfume	Reed	Unsoeld
Miller (CA)	Ridge	Valentine
Mineta	Riggs	Vento
Mink	Roemer	Visclosky
Moakley	Roth	Washington
Moody	Roukema	Waxman
Morella	Russo	Weiss
Mrazek	Sabo	Wheat
Murphy	Sanders	Williams
Nagle	Sangmeister	Wise
Neal (MA)	Santorum	Wolpe
Nussle	Sawyer	Wyden
Oakar	Scheuer	Yates
Oberstar	Schiff	Zimmer
Obey	Schroeder	

NOES—248

Allard	Downey	James
Allen	Dreier	Jenkins
Anderson	Dwyer	Johnson (CT)
Andrews (NJ)	Eckart	Johnson (TX)
Andrews (TX)	Edwards (OK)	Kanjorski
Annunzio	Edwards (TX)	Kaptur
Archer	Emerson	Kasich
Armey	English	Kolbe
Aspin	Erdreich	Kolter
Baker	Espy	Kyl
Ballenger	Fascell	Lagomarsino
Barrett	Fazio	Lancaster
Barton	Fields	Laughlin
Bateman	Fish	Lehman (FL)
Bentley	Franks (CT)	Lent
Bevill	Frost	Levine (CA)
Bilbray	Gallegly	Lewis (CA)
Bilirakis	Gallo	Lewis (FL)
Billey	Gaydos	Lightfoot
Boehlert	Gephardt	Livingston
Boehner	Geren	Lloyd
Borski	Gilchrest	Lowery (CA)
Brewster	Gillmor	Luken
Brooks	Gilman	Machtley
Browder	Gingrich	Manton
Brown	Glickman	Marlenee
Bryant	Gonzalez	Martin
Bunning	Goodling	Martinez
Burton	Goss	Matsui
Byron	Gradison	McCandless
Callahan	Grandy	McCollum
Camp	Gunderson	McCrery
Campbell (CA)	Hall (TX)	McCurdy
Carper	Hamilton	McDade
Chandler	Hammerschmidt	McEwen
Chapman	Hancock	McGrath
Clinger	Hansen	McMillan (NC)
Coleman (MO)	Harris	McMillen (MD)
Coleman (TX)	Hastert	McNulty
Combest	Hatcher	Meyers
Cooper	Hayes (LA)	Michel
Costello	Hefley	Miller (OH)
Coughlin	Herger	Miller (WA)
Cox (CA)	Hertel	Molinari
Cramer	Hoagland	Mollohan
Crane	Hobson	Montgomery
Cunningham	Hochbrueckner	Moorhead
Dannemeyer	Holloway	Moran
Darden	Hopkins	Morrison
Davis	Horton	Murtha
de la Garza	Houghton	Myers
DeLay	Hoyer	Natcher
Dickinson	Hubbard	Neal (NC)
Dicks	Huckaby	Nichols
Dixon	Hunter	Nowak
Dooley	Hutto	Ortiz
Doolittle	Hyde	Oxley
Dornan (CA)	Inhofe	Packard

Parker	Sarpalius	Taylor (NC)
Paxon	Saxton	Thomas (CA)
Payne (VA)	Schaefer	Thomas (GA)
Perkins	Schulze	Thomas (WY)
Peterson (FL)	Shaw	Thornton
Peterson (MN)	Shuster	Torres
Pickett	Sisisky	Torricelli
Pickle	Skeen	Upton
Quillen	Skelton	Vander Jagt
Ravenel	Slattery	Volkmer
Ray	Smith (IA)	Vucanovich
Regula	Smith (NJ)	Walker
Rhodes	Smith (OR)	Walsh
Richardson	Smith (TX)	Waters
Rinaldo	Solomon	Weber
Ritter	Spence	Weldon
Roberts	Spratt	Whitten
Roe	Stearns	Wilson
Rogers	Stenholm	Wolf
Rohrabacher	Stump	Wylie
Ros-Lehtinen	Sundquist	Yatron
Rose	Swift	Young (AK)
Rostenkowski	Tanner	Young (FL)
Rowland	Tauzin	Zeliff
Roybal	Taylor (MS)	

NOT VOTING—13

Alexander	Campbell (CO)	Savage
Barnard	Collins (IL)	Smith (FL)
Bonior	Dymally	Traxler
Broomfield	Hefner	
Bustamante	Rangel	

□ 1418

Mrs. MEYERS of Kansas and Mr. COOPER changed their vote from "aye" to "no."

Mr. NAGLE changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1420

The CHAIRMAN. Are there other amendments?

If not, the Clerk will read.

The Clerk read as follows:

This Act may be cited as the "Department of Defense Appropriations Act, 1993".

Mr. MURTHA. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to, and that the bill, as amended, be passed.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. GEPHARDT) having assumed the chair, Mr. OBERSTAR, 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. 5504) making appropriations for the Department of Defense for the fiscal year ending September 30, 1993, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. 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 pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. McDADE. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 328, noes 94, not voting 12, as follows:

[Roll No. 266]

AYES—328

Abercrombie	de la Garza	Horton
Ackerman	DeLauro	Houghton
Alexander	DeLay	Hoyer
Allard	Derrick	Huckaby
Allen	Dickinson	Hunter
Anderson	Dicks	Hutto
Andrews (ME)	Dingell	Inhofe
Andrews (NJ)	Dixon	Ireland
Andrews (TX)	Donnelly	Jacobs
Annunzio	Dooley	James
Anthony	Dorgan (ND)	Jefferson
Archer	Downey	Jenkins
Aspin	Duncan	Johnson (CT)
Atkins	Durbin	Johnson (SD)
Bacchus	Dwyer	Johnson (TX)
Baker	Eckart	Jones (GA)
Ballenger	Edwards (OK)	Jones (NC)
Barrett	Edwards (TX)	Kanjorski
Barton	Engel	Kaptur
Bateman	English	Kasich
Bennett	Erdreich	Kennedy
Bentley	Espy	Kennelly
Bereuter	Evans	Kildee
Berman	Ewing	Kleczka
Bevill	Fascell	Kolbe
Bilbray	Fazio	Kolter
Bilirakis	Feighan	Kopetski
Blackwell	Fish	Kostmayer
Bliley	Foglietta	LaFalce
Boehlert	Ford (MI)	Lancaster
Boehner	Franks (CT)	Lantos
Borski	Frost	LaRocco
Boucher	Gallegly	Laughlin
Brewster	Gallo	Lehman (CA)
Brooks	Gaydos	Lehman (FL)
Browder	Gejdenson	Lent
Brown	Gekas	Levin (MI)
Bruce	Gephardt	Levine (CA)
Bunning	Geren	Lewis (CA)
Burton	Gibbons	Lewis (FL)
Byron	Gilchrest	Lightfoot
Callahan	Gillmor	Lipinski
Camp	Gilman	Livingston
Campbell (CA)	Gingrich	Lloyd
Cardin	Glickman	Long
Carper	Gonzalez	Lowery (CA)
Carr	Goodling	Lowey (NY)
Chandler	Gordon	Machtley
Chapman	Gradison	Manton
Clement	Grandy	Martin
Clinger	Guarini	Martinez
Coble	Gunderson	Matsui
Coleman (MO)	Hall (OH)	Mavroules
Coleman (TX)	Hall (TX)	Mazzoli
Collins (MI)	Hamilton	McCandless
Combest	Hammerschmidt	McCloskey
Condit	Hansen	McCollum
Conyers	Harris	McCrery
Cooper	Hastert	McCurdy
Costello	Hatcher	McDade
Coughlin	Hayes (LA)	McGrath
Cox (IL)	Hefley	McHugh
Coyne	Hertel	McMillan (NC)
Cramer	Hoagland	McMillen (MD)
Cunningham	Hobson	McNulty
Dannemeyer	Hochbrueckner	Meyers
Darden	Holloway	Michel
Davis	Horn	Miller (CA)
Miller (OH)	Reed	Spence
Miller (WA)	Regula	Spratt
Mink	Rhodes	Staggers
Moakley	Richardson	Stenholm
Molinari	Ridge	Sundquist
Mollohan	Riggs	Swett
Montgomery	Rinaldo	Swift
Moorhead	Ritter	Synar
Moran	Roe	Tallon
Morrison	Roemer	Tanner
Mrazek	Rogers	Tauzin
Murtha	Rohrabacher	Taylor (MS)
Myers	Ros-Lehtinen	Taylor (NC)
Natcher	Rose	Thomas (CA)
Neal (NC)	Rostenkowski	Thomas (GA)
Nowak	Rowland	Thomas (WY)
Oakar	Roybal	Thornton
Obey	Russo	Torres
Olin	Sabo	Torricelli
Ortiz	Sangmeister	Towns
Orton	Santorum	Traficant
Owens (UT)	Sarpalius	Upton
Oxley	Sawyer	Valentine
Panetta	Saxton	Vander Jagt
Parker	Schaefer	Visclosky
Pastor	Schiff	Walker
Patterson	Schumer	Walsh
Paxon	Sharp	Weber
Payne (VA)	Shaw	Weldon
Pelosi	Shuster	Wheat
Penny	Sisisky	Whitten
Perkins	Skaggs	Williams
Peterson (FL)	Skeen	Wilson
Peterson (MN)	Skelton	Wise
Pickett	Slattery	Wolf
Pickle	Slaughter	Wolpe
Porter	Smith (IA)	Wylie
Poshard	Smith (NJ)	Yatron
Price	Smith (OR)	Young (AK)
Quillen	Smith (TX)	Young (FL)
Ravenel	Snowe	
Ray	Solarz	

NOES—94

Applegate	Klug	Roth
Armey	Kyl	Roukema
AuCoin	Lagomarsino	Sanders
Beilenson	Leach	Savage
Boxer	Lewis (GA)	Scheuer
Clay	Luken	Schroeder
Cox (CA)	Markey	Schulze
Crane	Marlenee	Sensenbrenner
DeFazio	McDermott	Serrano
Dellums	McEwen	Shays
Doolittle	Mfume	Sikorski
Dornan (CA)	Mineta	Solomon
Dreier	Moody	Stallings
Early	Morella	Stark
Emerson	Murphy	Stearns
Fawell	Nagle	Stokes
Fields	Neal (MA)	Studds
Flake	Nichols	Stump
Ford (TN)	Nussle	Unsoeld
Frank (MA)	Oberstar	Vento
Goss	Olver	Volkmer
Green	Owens (NY)	Vucanovich
Hancock	Packard	Washington
Hayes (IL)	Pallone	Waters
Henry	Payne (NJ)	Waxman
Herger	Pease	Weiss
Hopkins	Petri	Wyden
Hubbard	Pursell	Yates
Hughes	Rahall	Zeliff
Hyde	Ramstad	Zimmer
Johnston	Rangel	
Jontz	Roberts	

NOT VOTING—12

Barnard	Bustamante	Edwards (CA)
Bonior	Campbell (CO)	Hefner
Broomfield	Collins (IL)	Smith (FL)
Bryant	Dymally	Traxler

□ 1442

Ms. WATERS and Messrs. KYL, McEWEN, YATES, MARKEY, and LEWIS of Georgia changed their vote from "aye" to "no."

Mr. RINALDO and Mr. CUNNINGHAM changed their vote from "no" to "aye."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 5504, DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, 1993

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 5504, the Clerk be authorized to correct section numbers, punctuation, cross references, and make other necessary technical adjustments.

The SPEAKER pro tempore (Mr. GEPHARDT). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ADJOURNMENT OF THE HOUSE FROM THURSDAY, JULY 2, 1992, TO TUESDAY, JULY 7, 1992, AND FROM JULY 9, 1992, TO TUESDAY, JULY 21, 1992, AND RECESS OR ADJOURNMENT OF THE SENATE FROM JULY 2, 1992, TO JULY 20, 1992

Mr. HOYER. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 343) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 343

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on the legislative day of Thursday, July 2, 1992, it stands adjourned until noon on Tuesday, July 7, 1992, and that when the House adjourns on the legislative day of Thursday, July 9, 1992, it stands adjourned until noon on Tuesday, July 21, 1992, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns at the close of business on Thursday, July 2, 1992, in accordance with this resolution, it stand recessed or adjourned until Monday, July 20, 1992, at such time as may be specified by the Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

MAKING IN ORDER ON TODAY CONSIDERATION OF CONFERENCE REPORT ON H.R. 5260, UNEMPLOYMENT COMPENSATION AMENDMENTS OF 1992

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent to call up the conference report on the bill H.R. 5260, for its immediate consideration, that all points of order against the conference report or its consideration be waived, and further that the conference report shall be considered as having been read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. MICHEL. Reserving the right to object, Mr. Speaker, and I shall not, other than reaffirm the understanding between my colleague, the distinguished gentleman from Illinois [Mr. ROSTENKOWSKI] and the gentleman from Peoria, whose word I implicitly trust, but for the benefit of those other Members who want the assurance that since we thought the enterprise zone tax bill would be up first and then unemployment, that we are reversing the order only to accommodate those drafters and the membership in total so that we are not spinning our wheels here.

I certainly would endorse what the chairman has in mind by moving this one first. That was the only reason for having the reservation. Would the gentleman give me that assurance verbally for the rest of the membership?

Mr. ROSTENKOWSKI. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Speaker, we have every intention immediately upon the conclusion of the consideration of this conference report to take that up, if it is ready; however, if it is not, it will be taken up as soon as it is ready.

Mr. MICHEL. And I hope that will be immediately following consideration of this measure.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CONFERENCE REPORT ON H.R. 5260, UNEMPLOYMENT COMPENSATION AMENDMENTS OF 1992

Mr. ROSTENKOWSKI submitted the following conference report and statement on the bill (H.R. 5260), to extend the Emergency Unemployment Compensation Program, to revise the trigger provisions contained in the extended Unemployment Compensation Program, and for other purposes:

CONFERENCE REPORT (H. REPT. 102-650)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5260), to extend the emergency unemployment compensation program, to revise the trigger provisions contained in the extended unemployment compensation program, and for other purposes, 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:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Unemployment Compensation Amendments of 1992".

TITLE I—EXTENSION OF EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAM

SEC. 101. EXTENSION OF PROGRAM.

(a) GENERAL RULE.—Sections 102(f)(1) and 106(a)(2) of the Emergency Unemployment Compensation Act of 1991 (Public Law 102-164, as amended) are each amended by striking "July 4, 1992" and inserting "March 6, 1993".

(b) WEEKS OF BENEFITS AVAILABLE DURING EXTENSION.—Subparagraph (A) of section 102(b)(2) of such Act is amended by striking clause (ii) and the flush paragraph at the end thereof and inserting the following:

"(ii) REDUCTION FOR WEEKS AFTER JUNE 13, 1992.—In the case of weeks beginning after June 13, 1992—

"(I) clause (i) of this subparagraph shall be applied by substituting '26' for '33', and by substituting '20' for '26', and

"(II) subparagraph (A) of paragraph (1) shall be applied by substituting '100 percent' for '130 percent'.

"(iii) REDUCTION FOR WEEKS IN 7-PERCENT PERIOD.—In the case of weeks beginning in a 7-percent period—

"(I) clause (ii) of this subparagraph shall not apply,

"(II) clause (i) of this subparagraph shall be applied by substituting '15' for '33', and by substituting '10' for '26', and

"(III) subparagraph (A) of paragraph (1) shall be applied by substituting '60 percent' for '130 percent'.

"(iv) REDUCTION FOR WEEKS IN 6.8-PERCENT PERIOD.—In the case of weeks beginning in a 6.8-percent period—

"(I) clauses (ii) and (iii) of this subparagraph shall not apply,

"(II) clause (i) of this subparagraph shall be applied by substituting '13' for '33', and by substituting '7' for '26', and

"(III) subparagraph (A) of paragraph (1) shall be applied by substituting '50 percent' for '130 percent'.

"(v) 7-PERCENT PERIOD; 6.8-PERCENT PERIOD.—For purposes of this subparagraph—

"(I) A 7-percent period means a period which begins with the second week after the first week for which the requirements of subclause (II) are met and a 6.8 percent period means a period which begins with the second week after the first week for which the requirements of subclause (III) are met.

"(II) The requirements of this subclause are met for any week if the average rate of total unemployment (seasonally adjusted) for all States for the period consisting of the most recent 2-calendar month period (for which data are published before the close of such week) is at least 6.8 percent, but less than 7 percent.

"(III) The requirements of this subclause are met for any week if the average rate of total unemployment (seasonally adjusted) for all States for the period consisting of the most recent 2-

calendar month period (for which data are published before the close of such week) is less than 6.8 percent.

In no event shall a 7-percent period occur after a 6.8-percent period occurs and a 6.8-percent period, once begun, shall continue in effect for all weeks for which benefits are provided under this Act.

"(vi) LIMITATIONS ON REDUCTIONS.—In the case of an individual who is receiving emergency unemployment compensation for a week preceding the first week for which a reduction applies under clause (ii), (iii), or (iv) of this subparagraph, such reduction shall not apply to such individual for the first week of such reduction or any week thereafter for which the individual meets the eligibility requirements of this Act."

(c) MODIFICATION TO FINAL PHASE-OUT.—Paragraph (2) of section 102(f) of such Act is amended to read as follows:

"(2) TRANSITION.—In the case of an individual who is receiving emergency unemployment compensation for a week prior to or including March 6, 1993, emergency unemployment compensation shall continue to be payable to such individual for any week thereafter for which the individual meets the eligibility requirements of this Act. No compensation shall be payable by reason of the preceding sentence for any week beginning after June 19, 1993."

(d) CONFORMING AMENDMENT.—

(1) Subparagraph (B) of section 102(b)(2) of such Act is amended by striking "subparagraph (A)(ii)" and inserting "clauses (ii), (iii), and (iv) of subparagraph (A)".

(2) Section 101(e) of such Act is amended—

(A) by striking "(e) ELECTION.—Notwithstanding" and inserting:

"(e) ELECTION BY STATES; WEEKS OF BENEFITS DURING PHASE-OUT.—

"(1) ELECTION BY STATES.—Notwithstanding",

(B) by adding at the end of paragraph (1), as redesignated by subparagraph (A), the following new sentence: "The preceding sentence shall not be applicable with respect to any extended compensation period which begins after March 6, 1993, nor shall the special rule in section 203(b)(1)(B) of the Federal-State Extended Unemployment Compensation Act of 1970 (or the similar provision in any State law) operate to preclude the beginning of an extended compensation period after March 6, 1993, because of the ending of an earlier extended compensation period under the preceding sentence.", and

(C) by adding at the end thereof the following new paragraph:

"(2) WEEKS OF BENEFITS DURING PHASE-OUT.—Notwithstanding subsection (b)(1)(B) or any other provision of law, whenever an extended compensation period is beginning in a State (and is not triggered off under paragraph (1)) an individual, who is entitled to extended compensation in the new extended compensation period (whether or not the individual applies therefor) and also has remaining entitlement to emergency unemployment compensation under this Act, shall be entitled to compensation under the program in which the individual's monetary entitlement (as of the beginning of the first week of the extended compensation period) is the greater."

(e) EFFECTIVE DATE.—The amendments made by this section apply to weeks of unemployment beginning after June 13, 1992.

SEC. 102. MODIFICATION TO ELIGIBILITY REQUIREMENTS.

(a) INDIVIDUAL NOT INELIGIBLE BY REASON OF SUBSEQUENT ENTITLEMENT TO REGULAR BENEFITS.—Section 101 of such Act is amended by adding at the end thereof the following new subsection:

"(f) CERTAIN RIGHTS TO REGULAR COMPENSATION DISREGARDED.—If an individual exhausted his rights to regular compensation for any benefit year, such individual's eligibility to receive emergency unemployment compensation under this Act in respect of such benefit year shall be determined without regard to any rights to regular compensation for a subsequent benefit year if such individual does not file a claim for regular compensation for such subsequent benefit year."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to weeks of unemployment beginning after the date of the enactment of this Act.

(2) TRANSITION RULES.—

(A) WAIVER OF RECOVERY OF CERTAIN OVERPAYMENTS.—On and after the date of the enactment of this Act, no repayment of any emergency unemployment compensation shall be required under section 105 of the Emergency Unemployment Compensation Act of 1991 (Public Law 102–164, as amended) if the individual would have been entitled to receive such compensation had the amendment made by subsection (a) applied to all weeks beginning on or before the date of the enactment of this Act.

(B) WAIVER OF RIGHTS TO CERTAIN REGULAR BENEFITS.—If—

(i) before the date of the enactment of this Act, an individual exhausted his rights to regular compensation for any benefit year, and

(ii) after such exhaustion, such individual was not eligible to receive emergency unemployment compensation by reason of being entitled to regular compensation for a subsequent benefit year,

such individual may elect to defer his rights to regular compensation for such subsequent benefit year with respect to weeks beginning after such date of enactment until such individual has exhausted his rights to emergency unemployment compensation in respect of the benefit year referred to in clause (i), and such individual shall be entitled to receive emergency unemployment compensation for such weeks in the same manner as if he had not been entitled to the regular compensation to which the election applies.

SEC. 103. TECHNICAL MODIFICATION FOR REIMBURSABLE EMPLOYERS.

(a) GENERAL RULE.—Subsection (d) of section 104 of the Emergency Unemployment Compensation Act of 1991 (Public Law 102–164, as amended) is amended by striking "as may be necessary" and inserting "as the Secretary estimates to be necessary".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 104. TREATMENT OF PERSIAN GULF CRISIS RESERVISTS.

If—

(1) an individual who was a member of a reserve component of the Armed Forces was called for active duty after August 2, 1990, and before March 1, 1991,

(2) such individual was receiving regular compensation, extended compensation, or a trade readjustment allowance for the week in which he was so called,

(3) such individual served on such active duty for at least 90 consecutive days, and

(4) such individual was entitled to regular compensation on the basis of his services on such active duty, but the weekly benefit amount was less than the benefit amount he received for the week referred to in paragraph (2),

such individual's weekly benefit amount under the Emergency Unemployment Compensation Act of 1991 for any week beginning after the date of the enactment of this Act shall be not less than the benefit amount he received for the week referred to in paragraph (2).

SEC. 105. TREATMENT OF RAILROAD WORKERS.

(a) EXTENSION OF PROGRAM.—

(1) IN GENERAL.—Sections 501(b)(1) and (2) of the Emergency Unemployment Compensation Act of 1991 (Public Law 102–164, as amended) are each amended by striking "July 4, 1992", and inserting "March 6, 1993".

(2) CONFORMING AMENDMENTS.—

(A) Section 501(a) of such Act is amended by striking "July 1992" and inserting "March 1993".

(B) Paragraph (2) of section 501(d) of such Act is amended to read as follows:

"(2) PHASE-OUT.—

"(A) BENEFITS ON OR AFTER JUNE 14, 1992.—Effective on and after June 14, 1992, paragraph (1) of this section shall be applied by substituting '100' for '130' each place it appears, and by substituting '10' for '13' each place it appears.

"(B) REDUCTIONS UNDER EMERGENCY COMPENSATION EXTENSION PROVISIONS.—

"(i) Effective on and after the date on which a reduction in benefits is imposed under section 102(b)(2)(A)(iii), subparagraph (A) of this paragraph and subparagraphs (B) and (C) of paragraph (1) shall not apply and subparagraph (A) of paragraph (1) shall be applied by substituting '50' for '130'.

"(ii) Effective on and after the date on which a reduction in benefits is imposed under section 102(b)(2)(A)(iv), subparagraph (A) of this paragraph and subparagraphs (B) and (C) of paragraph (1) shall not apply and subparagraph (A) of paragraph (1) shall be applied by substituting '35' for '130'.

"(C) LIMITATIONS ON REDUCTIONS.—Notwithstanding subparagraphs (A) and (B), in the case of an individual who is receiving extended benefits under section 2(c) of the Railroad Unemployment Insurance Act for persons with 10 or more but less than 15 years of service, or extended benefits by reason of this section, for any day during a week which precedes a period for which a reduction under this paragraph takes effect, such reduction shall not apply for purposes of determining the amount of benefits payable to such individual for any day thereafter for which the individual meets the eligibility requirements of this section and the Railroad Unemployment Insurance Act."

(b) TERMINATION OF BENEFITS.—Section 501 of the Emergency Unemployment Compensation Act of 1991 (Public Law 102–164, as amended) is amended by adding at the end the following new subsection:

"(e) TERMINATION OF BENEFITS.—In the case of an individual who is receiving extended benefits by reason of this section on March 6, 1993, such benefits shall not continue to be payable to such individual after June 19, 1993."

SEC. 106. EFFECT OF CERTAIN MILITARY SERVICE ON TRADE ADJUSTMENT ASSISTANCE.

(a) TRADE ADJUSTMENT ASSISTANCE.—Paragraph (2) of section 231(a) of the Trade Act of 1974 (19 U.S.C. 2291(a)(2)) is amended—

(1) by striking "or" at the end of subparagraph (B),

(2) by inserting "or" at the end of subparagraph (C),

(3) by inserting immediately after subparagraph (C) the following new subparagraph:

"(D) is on call-up for purposes of active duty in a reserve status in the Armed Forces of the United States, provided such active duty is 'Federal service' as defined in 5 U.S.C. 8521(a)(1),", and

(4) by striking "paragraph (A) or (C), or both," and inserting "subparagraph (A) or (C), or both (and not more than 26 weeks, in the case of weeks described in subparagraph (B) or (D)),".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to weeks beginning after August 1, 1990.

SEC. 107. FINANCING PROVISIONS.

Section 104 of the Emergency Unemployment Compensation Act of 1991 (Public Law 102–164,

as amended) is amended by adding at the end thereof the following new subsection:

"(e) TRANSFER OF FUNDS.—Notwithstanding any other provision of law, the Secretary of the Treasury shall transfer from the general fund of the Treasury (from funds not otherwise appropriated)—

"(1) to the extended unemployment compensation account (as established by section 905 of the Social Security Act) such sums as are necessary to make payments to States under this Act by reason of the amendments made by sections 101 and 102 of the Unemployment Compensation Amendments of 1992, and

"(2) to the employment security administration account (as established by section 901 of the Social Security Act) such sums as may be necessary for purposes of assisting States in meeting administrative costs by reason of the amendments made by sections 101, 102, 201, and 202 of the Unemployment Compensation Amendments of 1992.

There is hereby appropriated from such accounts the sums referred to in the preceding sentence and such sums shall not be required to be repaid."

TITLE II—MODIFICATIONS TO EXTENDED BENEFITS PROGRAM

SEC. 201. MODIFICATION OF TRIGGER PROVISIONS.

(a) IN GENERAL.—Section 203 of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new subsection:

"ALTERNATIVE TRIGGER

"(f)(1) Effective with respect to compensation for weeks of unemployment beginning after March 6, 1993, the State may by law provide that for purposes of beginning or ending any extended benefit period under this section—

"(A) there is a State 'on' indicator for a week if—

"(i) the average rate of total unemployment in such State (seasonally adjusted) for the period consisting of the most recent 3 months for which data for all States are published before the close of such week equals or exceeds 6.5 percent, and

"(ii) the average rate of total unemployment in such State (seasonally adjusted) for the 3-month period referred to in clause (i) equals or exceeds 110 percent of such average rate for either (or both) of the corresponding 3-month periods ending in the 2 preceding calendar years; and

"(B) there is a State 'off' indicator for a week if either the requirements of clause (i) or clause (ii) of subparagraph (A) are not satisfied.

Notwithstanding the provision of any State law described in this paragraph, any week for which there would otherwise be a State 'on' indicator shall continue to be such a week and shall not be determined to be a week for which there is a State 'off' indicator.

"(2) For purposes of this subsection, determinations of the rate of total unemployment in any State for any period (and of any seasonal adjustment) shall be made by the Secretary."

(b) ADDITIONAL WEEKS OF BENEFITS AVAILABLE DURING PERIODS OF HIGH UNEMPLOYMENT.—Subsection (b) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"(3)(A) Effective with respect to weeks beginning in a high unemployment period, paragraph (1) shall be applied by substituting—

"(i) '80 per centum' for '50 per centum' in subparagraph (A),

"(ii) 'twenty' for 'thirteen' in subparagraph (B), and

"(iii) 'forty-six' for 'thirty-nine' in subparagraph (C).

"(B) For purposes of subparagraph (A), the term 'high unemployment period' means any period during which an extended benefit period would be in effect if section 203(f)(1)(A)(i) were applied by substituting '8 percent' for '6.5 percent'."

(c) CONFORMING AMENDMENT.—Paragraph (2) of section 204(c) of such Act is amended by inserting ", forty-six in any case where section 202(b)(3)(A) applies" after "thirty-nine".

SEC. 202. MODIFICATION OF ELIGIBILITY REQUIREMENTS FOR UNEMPLOYMENT BENEFITS.

(a) EARNINGS TEST.—

(1) In general.—Paragraph (5) of section 202(a) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by striking "which one of the foregoing methods" and inserting "which one or more of the foregoing methods".

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—Notwithstanding any other provision of law, the amendment made by paragraph (1) shall apply for purposes of extended unemployment compensation and emergency unemployment compensation to weeks of unemployment beginning on or after the date of the enactment of this Act.

(B) WAIVER OF RECOVERY OF CERTAIN OVERPAYMENTS.—On and after the date of the enactment of this Act, no repayment of any emergency unemployment compensation shall be required under section 105 of the Emergency Unemployment Compensation Act of 1991 (Public Law 102-164, as amended) if the individual would have been entitled to receive such compensation had the amendment made by paragraph (1) applied to all weeks beginning before the date of the enactment of this Act.

(b) SUSPENSION OF CERTAIN ELIGIBILITY REQUIREMENTS.—

(1) IN GENERAL.—Section 202(a) of such Act is amended by adding at the end thereof the following new paragraph:

"(7) Paragraphs (3) and (4) shall not apply to weeks of unemployment beginning after March 6, 1993, and before January 1, 1995, and no provision of State law in conformity with such paragraphs shall apply during such period."

(2) STUDY.—The Federal Advisory Council established under section 908 of the Social Security Act shall conduct a study of the provisions suspended by the amendment made by paragraph (1). Not later than February 1, 1994, such Council shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, a report of its recommendations on such suspended provisions (including whether such provisions should be repealed or revised).

TITLE III—MODIFICATIONS TO FEDERAL UNEMPLOYMENT TAX

SEC. 301. INFORMATION REQUIRED WITH RESPECT TO TAXATION OF UNEMPLOYMENT BENEFITS.

(a) INFORMATION ON UNEMPLOYMENT BENEFITS.—

(1) GENERAL RULE.—The State agency in each State shall provide to an individual filing a claim for compensation under the State unemployment compensation law a written explanation of the Federal and State income taxation of unemployment benefits and of the requirements to make payments of estimated Federal and State income taxes.

(2) STATE AGENCY.—For purposes of this subsection, the term "State agency" has the meaning given such term by section 3306(e) of the Internal Revenue Code of 1986.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1992.

SEC. 302. MAILING OF CERTAIN INFORMATION PERMITTED.

(a) GENERAL RULE.—Section 302 of the Social Security Act (42 U.S.C. 502) is amended by adding at the end thereof the following new subsection:

"(c) No portion of the cost of mailing a statement under section 6050B(b) of the Internal Revenue Code of 1986 (relating to unemployment compensation) shall be treated as not being a cost for the proper and efficient administration of the State unemployment compensation law by reason of including with such statement information about the earned income credit provided by section 32 of the Internal Revenue Code of 1986. The preceding sentence shall not apply if the inclusion of such information increases the postage required to mail such statement."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 303. EXTENSION OF EXISTING TREATMENT OF CERTAIN AGRICULTURAL WORKERS.

(a) GENERAL RULE.—Subparagraph (B) of section 3306(c)(1) of the Internal Revenue Code of 1986 is amended by striking "January 1, 1993" and inserting "January 1, 1995".

(b) REPORT.—Not later than February 1, 1994, the Advisory Council on Unemployment Compensation shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on its recommendations with respect to the treatment of agricultural labor performed by aliens.

SEC. 304. EXTENSION OF PERIOD FOR REPAYMENT OF FEDERAL LOANS TO STATE UNEMPLOYMENT FUNDS.

(a) GENERAL RULE.—If the Secretary of Labor determines that a State meets the requirements of subsection (b), paragraph (2) of section 3302(c) of the Internal Revenue Code of 1986 shall be applied with respect to such State for taxable years after 1991—

(1) by substituting "third" for "second" in subparagraph (A)(i),

(2) by substituting "fourth or fifth" for "third or fourth" in subparagraph (B), and

(3) by substituting "sixth" for "fifth" in subparagraph (C).

(b) REQUIREMENTS.—A State meets the requirements of this subsection if, during calendar year 1992 or 1993, the State amended its unemployment compensation law to increase estimated contributions required under such law by at least 25 percent.

(c) SPECIAL RULE.—This section shall not apply to any taxable year after 1994 unless —

(1) such taxable year is in a series of consecutive taxable years as of the beginning of each of which there was a balance referred to in section 3302(c)(2) of such Code, and

(2) such series includes a taxable year beginning in 1992, 1993, or 1994.

TITLE IV—MODIFICATION TO REGULAR STATE UNEMPLOYMENT COMPENSATION PROGRAMS

SEC. 401. TREATMENT OF SHORT-TIME UNEMPLOYMENT COMPENSATION PROGRAMS.

(a) AUTHORIZATION OF PROGRAMS.—

(1) Paragraph (4) of section 3304(a) of the Internal Revenue Code of 1986 is amended by striking "and" at the end of subparagraph (C), by inserting "and" at the end of subparagraph (D) and by adding at the end thereof the following new subparagraph:

"(E) amounts may be withdrawn for the payment of short-time compensation under a plan approved by the Secretary of Labor;"

(2) Subsection (f) of section 3306 of such Code is amended by striking "and" at the end of paragraph (2) by striking the period at the end of paragraph (3) and inserting "; and", and by adding at the end thereof the following new paragraph:

"(4) amounts may be withdrawn for the payment of short-time compensation under a plan approved by the Secretary of Labor."

(3) Section 303(a)(5) of the Social Security Act is amended by inserting before "; and" the following ": Provided further, That amounts may be withdrawn for the payment of short-time compensation under a plan approved by the Secretary of Labor".

(b) ASSISTANCE IN IMPLEMENTING PROGRAMS.—In order to assist States in establishing and implementing short-time compensation programs—

(1) the Secretary of Labor (hereinafter in this section referred to as the "Secretary") shall develop model legislative language which may be used by States in developing and enacting short-time compensation programs and shall propose such revisions of such legislative language as may be appropriate, and

(2) the Secretary shall provide technical assistance and guidance in developing, enacting, and implementing such programs.

The initial model legislative language referred to in paragraph (1) shall be developed not later than January 1, 1993.

(c) REPORTS.—

(1) INITIAL REPORT.—Not later than January 1, 1995, the Secretary shall submit to the Congress a report on the implementation of this section. Such report shall include an evaluation of short-time compensation programs and shall contain such recommendations as the Secretary may deem advisable.

(2) SUBSEQUENT REPORTS.—After the submission of the report under paragraph (1), the Secretary shall submit such additional reports on the implementation of short-time compensation programs as the Secretary deems appropriate.

(d) DEFINITIONS.—For purposes of this section—

(1) SHORT-TIME COMPENSATION PROGRAM.—The term "short-time compensation program" means a program under which—

(A) individuals whose workweeks have been reduced by at least 10 percent are eligible for unemployment compensation;

(B) the amount of unemployment compensation payable to any such individual is a pro rata portion of the unemployment compensation which would be payable to the individual if the individual were totally unemployed;

(C) eligible employees are not required to meet the availability for work or work search test requirements while collecting short-time compensation benefits, but are required to be available for their normal workweek;

(D) eligible employees may participate in an employer-sponsored training program to enhance job skills if such program has been approved by the State agency; and

(E) there is a reduction in the number of hours worked by employees in lieu of imposing temporary layoffs.

(2) STATE.—The term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

TITLE V—REVENUE PROVISIONS

SEC. 501. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Extension of Phaseout of Personal Exemptions; Corporate Estimated Tax Provisions

SEC. 511. EXTENSION OF PHASEOUT OF PERSONAL EXEMPTIONS.

Subparagraph (E) of section 151(d)(3) (relating to termination of phaseout) is amended by striking "December 31, 1995" and inserting "December 31, 1996".

SEC. 512. CORPORATE ESTIMATED TAX PROVISIONS.

(a) GENERAL RULE.—Subsection (d) of section 6655 (relating to amount of required installments) is amended—

(1) by striking "90 percent" each place it appears in paragraph (1)(B)(i) and inserting "91 percent",

(2) by striking "90 PERCENT" in the heading of paragraph (2) and inserting "91 PERCENT", and

(3) by striking paragraph (3) and inserting the following new paragraph:

"(3) TEMPORARY INCREASE IN AMOUNT OF INSTALLMENT BASED ON CURRENT YEAR TAX.—In the case of any taxable year beginning after June 30, 1992, and before 1997—

"(A) paragraph (1)(B)(i) and subsection (e)(3)(A)(i) shall be applied by substituting '97 percent' for '91 percent' each place it appears, and

"(B) the table contained in subsection (e)(2)(B)(ii) shall be applied by substituting '24.25', '48.50', '72.75', and '97' for '22.75', '45.50', '68.25', and '91.00', respectively."

(b) CONFORMING AMENDMENTS.—

(1) Clause (ii) of section 6655(e)(2)(B) is amended by striking the table contained therein and inserting the following new table:

"In the case of the following required installments:	The applicable percentage is:
1st	22.75
2nd	45.50
3rd	68.25
4th	91.00."

(2) Clause (i) of section 6655(e)(3)(A) is amended by striking "90 percent" and inserting "91 percent".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after June 30, 1992.

Subtitle B—Pension Distributions

SEC. 521. TAXABILITY OF BENEFICIARY OF QUALIFIED PLAN.

(a) IN GENERAL.—So much of section 402 (relating to taxability of beneficiary of employees' trust) as precedes subsection (g) thereof is amended to read as follows:

"SEC. 402. TAXABILITY OF BENEFICIARY OF EMPLOYEES' TRUST.

"(a) TAXABILITY OF BENEFICIARY OF EXEMPT TRUST.—Except as otherwise provided in this section, any amount actually distributed to any distributee by any employees' trust described in section 401(a) which is exempt from tax under section 501(a) shall be taxable to the distributee, in the taxable year of the distributee in which distributed, under section 72 (relating to annuities).

"(b) TAXABILITY OF BENEFICIARY OF NONEXEMPT TRUST.—

"(1) CONTRIBUTIONS.—Contributions to an employees' trust made by an employer during a taxable year of the employer which ends with or within a taxable year of the trust for which the trust is not exempt from tax under section 501(a) shall be included in the gross income of the employee in accordance with section 83 (relating to property transferred in connection with performance of services), except that the value of the employee's interest in the trust shall be substituted for the fair market value of the property for purposes of applying such section.

"(2) DISTRIBUTIONS.—The amount actually distributed or made available to any distributee by any trust described in paragraph (1) shall be taxable to the distributee, in the taxable year in which so distributed or made available, under section 72 (relating to annuities), except that distributions of income of such trust before the annuity starting date (as defined in section 72(c)(4)) shall be included in the gross income of the employee without regard to section 72(e)(5) (relating to amounts not received as annuities).

"(3) GRANTOR TRUSTS.—A beneficiary of any trust described in paragraph (1) shall not be considered the owner of any portion of such trust under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners).

"(4) FAILURE TO MEET REQUIREMENTS OF SECTION 410(b).—

"(A) HIGHLY COMPENSATED EMPLOYEES.—If 1 of the reasons a trust is not exempt from tax under section 501(a) is the failure of the plan of which it is a part to meet the requirements of section 401(a)(26) or 410(b), then a highly compensated employee shall, in lieu of the amount determined under paragraph (1) or (2) include in gross income for the taxable year with or within which the taxable year of the trust ends an amount equal to the vested accrued benefit of such employee (other than the employee's investment in the contract) as of the close of such taxable year of the trust.

"(B) FAILURE TO MEET COVERAGE TESTS.—If a trust is not exempt from tax under section 501(a) for any taxable year solely because such trust is part of a plan which fails to meet the requirements of section 401(a)(26) or 410(b), paragraphs (1) and (2) shall not apply by reason of such failure to any employee who was not a highly compensated employee during—

"(i) such taxable year, or

"(ii) any preceding period for which service was creditable to such employee under the plan.

"(C) HIGHLY COMPENSATED EMPLOYEE.—For purposes of this paragraph, the term 'highly compensated employee' has the meaning given such term by section 414(q).

"(c) RULES APPLICABLE TO ROLLOVERS FROM EXEMPT TRUSTS.—

"(1) EXCLUSION FROM INCOME.—If—

"(A) any portion of the balance to the credit of an employee in a qualified trust is paid to the employee in an eligible rollover distribution,

"(B) the distributee transfers any portion of the property received in such distribution to an eligible retirement plan, and

"(C) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

"(2) MAXIMUM AMOUNT WHICH MAY BE ROLLED OVER.—In the case of any eligible rollover distribution, the maximum amount transferred to which paragraph (1) applies shall not exceed the portion of such distribution which is includible in gross income (determined without regard to paragraph (1)).

"(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—Paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

"(4) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' means any distribution to an employee of all or any portion of the balance to the credit of the employee in a qualified trust; except that such term shall not include—

"(A) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made—

"(i) for the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and the employee's designated beneficiary, or

"(ii) for a specified period of 10 years or more, and

"(B) any distribution to the extent such distribution is required under section 401(a)(9).

"(5) TRANSFER TREATED AS ROLLOVER CONTRIBUTION UNDER SECTION 408.—For purposes of this title, a transfer to an eligible retirement plan described in clause (i) or (ii) of paragraph

(8)(B) resulting in any portion of a distribution being excluded from gross income under paragraph (1) shall be treated as a rollover contribution described in section 408(d)(3).

"(6) SALES OF DISTRIBUTED PROPERTY.—For purposes of this subsection—

"(A) TRANSFER OF PROCEEDS FROM SALE OF DISTRIBUTED PROPERTY TREATED AS TRANSFER OF DISTRIBUTED PROPERTY.—The transfer of an amount equal to any portion of the proceeds from the sale of property received in the distribution shall be treated as the transfer of property received in the distribution.

"(B) PROCEEDS ATTRIBUTABLE TO INCREASE IN VALUE.—The excess of fair market value of property on sale over its fair market value on distribution shall be treated as property received in the distribution.

"(C) DESIGNATION WHERE AMOUNT OF DISTRIBUTION EXCEEDS ROLLOVER CONTRIBUTION.—In any case where part or all of the distribution consists of property other than money—

"(i) the portion of the money or other property which is to be treated as attributable to amounts not included in gross income, and

"(ii) the portion of the money or other property which is to be treated as included in the rollover contribution,

shall be determined on a ratable basis unless the taxpayer designates otherwise. Any designation under this subparagraph for a taxable year shall be made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof). Any such designation, once made, shall be irrevocable.

"(D) NONRECOGNITION OF GAIN OR LOSS.—No gain or loss shall be recognized on any sale described in subparagraph (A) to the extent that an amount equal to the proceeds is transferred pursuant to paragraph (1).

"(7) SPECIAL RULE FOR FROZEN DEPOSITS.—

"(A) IN GENERAL.—The 60-day period described in paragraph (3) shall not—

"(i) include any period during which the amount transferred to the employee is a frozen deposit, or

"(ii) end earlier than 10 days after such amount ceases to be a frozen deposit.

"(B) FROZEN DEPOSITS.—For purposes of this subparagraph, the term 'frozen deposit' means any deposit which may not be withdrawn because of—

"(i) the bankruptcy or insolvency of any financial institution, or

"(ii) any requirement imposed by the State in which such institution is located by reason of the bankruptcy or insolvency (or threat thereof) of 1 or more financial institutions in such State. A deposit shall not be treated as a frozen deposit unless on at least 1 day during the 60-day period described in paragraph (3) (without regard to this paragraph) such deposit is described in the preceding sentence.

"(8) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED TRUST.—The term 'qualified trust' means an employees' trust described in section 401(a) which is exempt from tax under section 501(a).

"(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' means—

"(i) an individual retirement account described in section 408(a),

"(ii) an individual retirement annuity described in section 408(b) (other than an endowment contract),

"(iii) a qualified trust, and

"(iv) an annuity plan described in section 403(a).

"(9) ROLLOVER WHERE SPOUSE RECEIVES DISTRIBUTION AFTER DEATH OF EMPLOYEE.—If any distribution attributable to an employee is paid to the spouse of the employee after the employee's death, the preceding provisions of this subsection shall apply to such distribution in the same manner as if the spouse were the employee; except that a trust or plan described in clause (iii) or (iv) of paragraph (8)(B) shall not be treated as an eligible retirement plan with respect to such distribution.

"(10) DENIAL OF AVERAGING FOR SUBSEQUENT DISTRIBUTIONS.—If paragraph (1) applies to any distribution paid to any employee, paragraphs (1) and (3) of subsection (d) shall not apply to any distribution (paid after such distribution) of the balance to the credit of the employee under the plan under which the preceding distribution was made (or under any other plan which, under subsection (d)(4)(C), would be aggregated with such plan).

"(d) TAX ON LUMP SUM DISTRIBUTIONS.—

"(1) IMPOSITION OF SEPARATE TAX ON LUMP SUM DISTRIBUTIONS.—

"(A) SEPARATE TAX.—There is hereby imposed a tax (in the amount determined under subparagraph (B)) on a lump sum distribution.

"(B) AMOUNT OF TAX.—The amount of tax imposed by subparagraph (A) for any taxable year is an amount equal to 5 times the tax which would be imposed by subsection (c) of section 1 if the recipient were an individual referred to in such subsection and the taxable income were an amount equal to ⅕ of the excess of—

"(i) the total taxable amount of the lump sum distribution for the taxable year, over

"(ii) the minimum distribution allowance.

"(C) MINIMUM DISTRIBUTION ALLOWANCE.—For purposes of this paragraph, the minimum distribution allowance for any taxable year is an amount equal to—

"(i) the lesser of $10,000 or one-half of the total taxable amount of the lump sum distribution for the taxable year, reduced (but not below zero) by

"(ii) 20 percent of the amount (if any) by which such total taxable amount exceeds $20,000.

"(D) LIABILITY FOR TAX.—The recipient shall be liable for the tax imposed by this paragraph.

"(2) DISTRIBUTIONS OF ANNUITY CONTRACTS.—

"(A) IN GENERAL.—In the case of any recipient of a lump sum distribution for any taxable year, if the distribution (or any part thereof) is an annuity contract, the total taxable amount of the distribution shall be aggregated for purposes of computing the tax imposed by paragraph (1)(A), except that the amount of tax so computed shall be reduced (but not below zero) by that portion of the tax on the aggregate total taxable amount which is attributable to annuity contracts.

"(B) BENEFICIARIES.—For purposes of this paragraph, a beneficiary of a trust to which a lump sum distribution is made shall be treated as the recipient of such distribution if the beneficiary is an employee (including an employee within the meaning of section 401(c)(1)) with respect to the plan under which the distribution is made or if the beneficiary is treated as the owner of such trust for purposes of subpart E of part I of subchapter J.

"(C) ANNUITY CONTRACTS.—For purposes of this paragraph, in the case of the distribution of an annuity contract, the taxable amount of such distribution shall be deemed to be the current actuarial value of the contract, determined on the date of such distribution.

"(D) TRUSTS.—In the case of a lump sum distribution with respect to any individual which is made only to 2 or more trusts, the tax imposed by paragraph (1)(A) shall be computed as if such distribution was made to a single trust, but the liability for such tax shall be apportioned among such trusts according to the relative amounts received by each.

"(E) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph.

"(3) ALLOWANCE OF DEDUCTION.—The total taxable amount of a lump sum distribution for any taxable year shall be allowed as a deduction from gross income for such taxable year, but only to the extent included in the taxpayer's gross income for such taxable year.

"(4) DEFINITIONS AND SPECIAL RULES.—

"(A) LUMP SUM DISTRIBUTION.—For purposes of this section and section 403, the term 'lump sum distribution' means the distribution or payment within 1 taxable year of the recipient of the balance to the credit of an employee which becomes payable to the recipient—

"(i) on account of the employee's death,

"(ii) after the employee attains age 59½,

"(iii) on account of the employee's separation from the service, or

"(iv) after the employee has become disabled (within the meaning of section 72(m)(7)),

from a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501 or from a plan described in section 403(a). Clause (iii) of this subparagraph shall be applied only with respect to an individual who is an employee without regard to section 401(c)(1), and clause (iv) shall be applied only with respect to an employee within the meaning of section 401(c)(1). A distribution of an annuity contract from a trust or annuity plan referred to in the first sentence of this subparagraph shall be treated as a lump sum distribution. For purposes of this subparagraph, a distribution to 2 or more trusts shall be treated as a distribution to 1 recipient. For purposes of this subsection, the balance to the credit of the employee does not include the accumulated deductible employee contributions under the plan (within the meaning of section 72(o)(5)).

"(B) AVERAGING TO APPLY TO 1 LUMP SUM DISTRIBUTION AFTER AGE 59½.—Paragraph (1) shall apply to a lump sum distribution with respect to an employee under subparagraph (A) only if—

"(i) such amount is received on or after the date on which the employee has attained age 59½, and

"(ii) the taxpayer elects for the taxable year to have all such amounts received during such taxable year so treated.

Not more than 1 election may be made under this subparagraph by any taxpayer with respect to any employee. No election may be made under this subparagraph by any taxpayer other than an individual, an estate, or a trust. In the case of a lump sum distribution made with respect to an employee to 2 or more trusts, the election under this subparagraph shall be made by the personal representative of the taxpayer.

"(C) AGGREGATION OF CERTAIN TRUSTS AND PLANS.—For purposes of determining the balance to the credit of an employee under subparagraph (A)—

"(i) all trusts which are part of a plan shall be treated as a single trust, all pension plans maintained by the employer shall be treated as a single plan, all profit-sharing plans maintained by the employer shall be treated as a single plan, and all stock bonus plans maintained by the employer shall be treated as a single plan, and

"(ii) trusts which are not qualified trusts under section 401(a) and annuity contracts which do not satisfy the requirements of section 404(a)(2) shall not be taken into account.

"(D) TOTAL TAXABLE AMOUNT.—For purposes of this section and section 403, the term 'total taxable amount' means, with respect to a lump sum distribution, the amount of such distribution which exceeds the sum of—

"(i) the amounts considered contributed by the employee (determined by applying section 72(f)), reduced by any amounts previously distributed which were not includible in gross income, and

"(ii) the net unrealized appreciation attributable to that part of the distribution which

consists of the securities of the employer corporation so distributed.

"(E) COMMUNITY PROPERTY LAWS.—The provisions of this subsection, other than paragraph (3), shall be applied without regard to community property laws.

"(F) MINIMUM PERIOD OF SERVICE.—For purposes of this subsection, no amount distributed to an employee from or under a plan may be treated as a lump sum distribution under subparagraph (A) unless the employee has been a participant in the plan for 5 or more taxable years before the taxable year in which such amounts are distributed.

"(G) AMOUNTS SUBJECT TO PENALTY.—This subsection shall not apply to amounts described in subparagraph (A) of section 72(m)(5) to the extent that section 72(m)(5) applies to such amounts.

"(H) BALANCE TO CREDIT OF EMPLOYEE NOT TO INCLUDE AMOUNTS PAYABLE UNDER QUALIFIED DOMESTIC RELATIONS ORDER.—For purposes of this subsection, the balance to the credit of an employee shall not include any amount payable to an alternate payee under a qualified domestic relations order (within the meaning of section 414(p)).

"(I) TRANSFERS TO COST-OF-LIVING ARRANGEMENT NOT TREATED AS DISTRIBUTION.—For purposes of this subsection, the balance to the credit of an employee under a defined contribution plan shall not include any amount transferred from such defined contribution plan to a qualified cost-of-living arrangement (within the meaning of section 415(k)(2)) under a defined benefit plan.

"(J) LUMP SUM DISTRIBUTIONS OF ALTERNATE PAYEES.—If any distribution or payment of the balance to the credit of an employee would be treated as a lump sum distribution, then, for purposes of this subsection, the payment under a qualified domestic relations order (within the meaning of section 414(p)) of the balance to the credit of an alternate payee who is the spouse or former spouse of the employee shall be treated as a lump sum distribution. For purposes of this subparagraph, the balance to the credit of the alternate payee shall not include any amount payable to the employee.

"(K) TREATMENT OF PORTION NOT ROLLED OVER.—If any portion of a lump sum distribution is transferred in a transfer to which subsection (c) applies, paragraphs (1) and (3) shall not apply with respect to the distribution.

"(L) SECURITIES.—For purposes of this subsection, the terms 'securities' and 'securities of the employer corporation' have the respective meanings provided by subsection (e)(4)(E).

"(5) SPECIAL RULE WHERE PORTIONS OF LUMP SUM DISTRIBUTION ATTRIBUTABLE TO ROLLOVER OF BOND PURCHASED UNDER QUALIFIED BOND PURCHASE PLAN.—If any portion of a lump sum distribution is attributable to a transfer described in section 405(d)(3)(A)(ii) (as in effect before its repeal by the Tax Reform Act of 1984), paragraphs (1) and (3) of this subsection shall not apply to such portion.

"(6) TREATMENT OF POTENTIAL FUTURE VESTING.—

"(A) IN GENERAL.—For purposes of determining whether any distribution which becomes payable to the recipient on account of the employee's separation from service is a lump sum distribution, the balance to the credit of the employee shall be determined without regard to any increase in vesting which may occur if the employee is reemployed by the employer.

"(B) RECAPTURE IN CERTAIN CASES.—If—

"(i) an amount is treated as a lump sum distribution by reason of subparagraph (A),

"(ii) special lump sum treatment applies to such distribution,

"(iii) the employee is subsequently reemployed by the employer, and

"(iv) as a result of services performed after being so reemployed, there is an increase in the employee's vesting for benefits accrued before the separation referred to in subparagraph (A), under regulations prescribed by the Secretary, the tax imposed by this chapter for the taxable year (in which the increase in vesting first occurs) shall be increased by the reduction in tax which resulted from the special lump sum treatment (and any election under paragraph (4)(B) shall not be taken into account for purposes of determining whether the employee may make another election under paragraph (4)(B)).

"(C) SPECIAL LUMP SUM TREATMENT.—For purposes of this paragraph, special lump sum treatment applies to any distribution if any portion of such distribution is taxed under the subsection by reason of an election under paragraph (4)(B).

"(D) VESTING.—For purposes of this paragraph, the term 'vesting' means the portion of the accrued benefits derived from employer contributions to which the participant has a nonforfeitable right.

"(7) COORDINATION WITH FOREIGN TAX CREDIT LIMITATIONS.—Subsections (a), (b), and (c) of section 904 shall be applied separately with respect to any lump sum distribution on which tax is imposed under paragraph (1), and the amount of such distribution shall be treated as the taxable income for purposes of such separate application.

"(e) OTHER RULES APPLICABLE TO EXEMPT TRUSTS.—

"(1) ALTERNATE PAYEES.—

"(A) ALTERNATE PAYEE TREATED AS DISTRIBUTEE.—For purposes of subsection (a) and section 72, an alternate payee who is the spouse or former spouse of the participant shall be treated as the distributee of any distribution or payment made to the alternate payee under a qualified domestic relations order (as defined in section 414(p)).

"(B) ROLLOVERS.—If any amount is paid or distributed to an alternate payee who is the spouse or former spouse of the participant by reason of any qualified domestic relations order (within the meaning of section 414(p)), subsection (c) shall apply to such distribution in the same manner as if such alternate payee were the employee.

"(2) DISTRIBUTIONS BY UNITED STATES TO NONRESIDENT ALIENS.—The amount includible under subsection (a) in the gross income of a nonresident alien with respect to a distribution made by the United States in respect of services performed by an employee of the United States shall not exceed an amount which bears the same ratio to the amount includible in gross income without regard to this paragraph as—

"(A) the aggregate basic pay paid by the United States to such employee for such services, reduced by the amount of such basic pay which was not includible in gross income by reason of being from sources without the United States, bears to

"(B) the aggregate basic pay paid by the United States to such employee for such services.

In the case of distributions under the civil service retirement laws, the term 'basic pay' shall have the meaning provided in section 8331(3) of title 5, United States Code.

"(3) CASH OR DEFERRED ARRANGEMENTS.—For purposes of this title, contributions made by an employer on behalf of an employee to a trust which is a part of a qualified cash or deferred arrangement (as defined in section 401(k)(2)) shall not be treated as distributed or made available to the employee nor as contributions made to the trust by the employee merely because the arrangement includes provisions under which the employee has an election whether the contribution will be made to the trust or received by the employee in cash.

"(4) NET UNREALIZED APPRECIATION.—

"(A) AMOUNTS ATTRIBUTABLE TO EMPLOYEE CONTRIBUTIONS.—For purposes of subsection (a) and section 72, in the case of a distribution other than a lump sum distribution, the amount actually distributed to any distributee from a trust described in subsection (a) shall not include any net unrealized appreciation in securities of the employer corporation attributable to amounts contributed by the employee (other than deductible employee contributions within the meaning of section 72(o)(5)). This subparagraph shall not apply to a distribution to which subsection (c) applies.

"(B) AMOUNTS ATTRIBUTABLE TO EMPLOYER CONTRIBUTIONS.—For purposes of subsection (a) and section 72, in the case of any lump sum distribution which includes securities of the employer corporation, there shall be excluded from gross income the net unrealized appreciation attributable to that part of the distribution which consists of securities of the employer corporation. In accordance with rules prescribed by the Secretary, a taxpayer may elect, on the return of tax on which a lump sum distribution is required to be included, not to have this subparagraph apply to such distribution.

"(C) DETERMINATION OF AMOUNTS AND ADJUSTMENTS.—For purposes of subparagraphs (A) and (B), net unrealized appreciation and the resulting adjustments to basis shall be determined in accordance with regulations prescribed by the Secretary.

"(D) LUMP SUM DISTRIBUTION.—For purposes of this paragraph, the term 'lump sum distribution' has the meaning given such term by subsection (d)(4)(A) (without regard to subsection (d)(4)(F)).

"(E) DEFINITIONS RELATING TO SECURITIES.—For purposes of this paragraph—

"(i) SECURITIES.—The term 'securities' means only shares of stock and bonds or debentures issued by a corporation with interest coupons or in registered form.

"(ii) SECURITIES OF THE EMPLOYER.—The term 'securities of the employer corporation' includes securities of a parent or subsidiary corporation (as defined in subsections (e) and (f) of section 424) of the employer corporation.

"(5) TAXABILITY OF BENEFICIARY OF CERTAIN FOREIGN SITUS TRUSTS.—For purposes of subsections (a), (b), and (c), a stock bonus, pension, or profit-sharing trust which would qualify for exemption from tax under section 501(a) except for the fact that it is a trust created or organized outside the United States shall be treated as if it were a trust exempt from tax under section 501(a).

"(f) WRITTEN EXPLANATION TO RECIPIENTS OF DISTRIBUTIONS ELIGIBLE FOR ROLLOVER TREATMENT.—

"(1) IN GENERAL.—The plan administrator of any plan shall, within a reasonable period of time before making an eligible rollover distribution from an eligible retirement plan, provide a written explanation to the recipient—

"(A) of the provisions under which the recipient may have the distribution directly transferred to another eligible retirement plan,

"(B) of the provision which requires the withholding of tax on the distribution if it is not directly transferred to another eligible retirement plan,

"(C) of the provisions under which the distribution will not be subject to tax if transferred to an eligible retirement plan within 60 days after the date on which the recipient received the distribution, and

"(D) if applicable, of the provisions of subsections (d) and (e) of this section.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) ELIGIBLE ROLLOVER DISTRIBUTION.—The term 'eligible rollover distribution' has the same

meaning as when used in subsection (c) of this section or paragraph (4) of section 403(a).

"(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' has the meaning given such term by subsection (c)(8)(B)."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 55(c) is amended by striking "section 402(e)" and inserting "section 402(d)".

(2) Paragraph (8) of section 62(a) (relating to certain portion of lump-sum distributions from pension plans taxed under section 402(e)) is amended by striking "402(e)" in the text and heading and inserting "402(d)".

(3) Paragraph (4) of section 72(o) (relating to special rule for treatment of rollover amount) is amended by striking "sections 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(4) Paragraph (2) of section 219(d) (relating to recontributed amount) is amended by striking "section 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(5) Paragraph (20) of section 401(a) is amended—

(A) by striking "a qualified total distribution described in section 402(a)(5)(E)(i)(I)" and inserting "1 or more distributions within 1 taxable year to a distributee on account of a termination of the plan of which the trust is a part, or in the case of a profit-sharing or stock bonus plan, a complete discontinuance of contributions under such plan", and

(B) by adding at the end the following new sentence: "For purposes of this paragraph, rules similar to the rules of section 402(a)(6)(B) (as in effect before its repeal by section 211 of the Unemployment Compensation Amendments of 1992) shall apply."

(6) Clause (v) of section 401(a)(28)(B) (relating to coordination with distribution rules) is amended to read as follows:

"(v) COORDINATION WITH DISTRIBUTION RULES.—Any distribution required by this subparagraph shall not be taken into account in determining whether a subsequent distribution is a lump sum distribution under section 402(d)(4)(A) or in determining whether section 402(c)(10) applies."

(7) Subclause (IV) of section 401(k)(2)(B)(i) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(8) Subparagraph (B)(ii) of section 401(k)(10) (relating to distributions that must be lump-sum distributions) is amended—

(A) by striking "section 402(e)(4)" and inserting "section 402(d)(4)", and

(B) by striking "subparagraph (H)" and inserting "subparagraph (F)".

(9) Section 402(g)(1) is amended by striking "subsections (a)(8)" and inserting "subsections (e)(3)".

(10) Section 402(i) is amended by striking "subsection (e)(4)" and inserting "subsection (d)(4)".

(11) Subsection (j) of section 402 is amended by striking "(a)(1) or (e)(4)(J)" and inserting "(e)(4)".

(12)(A) Clause (i) of section 403(a)(4)(A) is amended by inserting "in an eligible rollover distribution (within the meaning of section 402(c)(4))" before the comma at the end thereof.

(B) Subparagraph (B) of section 403(a)(4) is amended to read as follows:

"(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) through (7) of section 402(c) shall apply for purposes of subparagraph (A)."

(13)(A) Clause (i) of section 403(b)(8)(A) is amended by inserting "in an eligible rollover distribution (within the meaning of section 402(c)(4))" before the comma at the end thereof.

(B) Paragraph (8) of section 403(b) is amended by striking subparagraphs (B), (C), and (D) and inserting the following:

"(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) through (7) of section 402(c) shall apply for purposes of subparagraph (A)."

(14) Section 406(c) (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is amended by striking "section 402(e)" and inserting "section 402(d)".

(15) Section 407(c) (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is amended by striking "section 402(e)" and inserting "section 402(d)".

(16) Paragraph (1) of section 408(a) is amended by striking "section 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(17) Clause (ii) of section 408(d)(3)(A) is amended to read as follows:

"(ii) no amount in the account and no part of the value of the annuity is attributable to any source other than a rollover contribution (as defined in section 402) from an employee's trust described in section 401(a) which is exempt from tax under section 501(a) or from an annuity plan described in section 403(a) (and any earnings on such contribution), and the entire amount received (including property and other money) is paid (for the benefit of such individual) into another such trust or annuity plan not later than the 60th day on which the individual receives the payment or the distribution; or".

(18) Subparagraph (B) of section 408(d)(3) (relating to limitations) is amended by striking the second sentence thereof.

(19) Subparagraph (F) of section 408(d)(3) (relating to frozen deposits) is amended by striking "section 402(a)(6)(H)" and inserting "section 402(c)(7)".

(20) Subclause (I) of section 414(n)(5)(C)(iii) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(21) Clause (i) of section 414(q)(7)(B) is amended by striking "402(a)(8)" and inserting "402(e)(3)".

(22) Paragraph (2) of section 414(s) (relating to employer may elect to treat certain deferrals as compensation) is amended by striking "402(a)(8)" and inserting "402(e)(3)".

(23) Subparagraph (A) of section 415(b)(2) (relating to annual benefit in general) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(24) Subparagraph (B) of section 415(b)(2) (relating to adjustment for certain other forms of benefit) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(25) Paragraph (2) of section 415(c) (relating to annual addition) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(26) Subparagraph (B) of section 457(c)(2) is amended by striking "section 402(a)(8)" in clause (i) thereof and inserting "section 402(e)(3)".

(27) Section 691(c) (relating to coordination with section 402(e)) is amended by striking "402(e)" in the text and heading and inserting "402(d)".

(28) Subparagraph (B) of section 871(a)(1) (relating to income other than capital gains) is amended by striking "402(a)(2), 403(a)(2), or".

(29) Paragraph (1) of section 871(b) (relating to imposition of tax) is amended by striking "402(e)(1)" and inserting "402(d)(1)".

(30) Paragraph (1) of section 871(k) is amended by striking "section 402(a)(4)" and inserting "section 402(e)(2)".

(31) Subsection (b) of section 877 (relating to alternative tax) is amended by striking "402(e)(1)" and inserting "402(d)(1)".

(32) Subsection (b) of section 1441 (relating to income items) is amended by striking "402(a)(2), 403(a)(2), or".

(33) Paragraph (5) of section 1441(c) (relating to special items) is amended by striking "402(a)(2), 403(a)(2), or".

(34) Subparagraph (A) of section 3121(v)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(35) Subparagraph (A) of section 3306(r)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(36) Subsection (a) of section 3405 is amended by striking "PENSIONS, ANNUITIES, ETC.—" from the heading thereof and inserting "PERIODIC PAYMENTS.—".

(37) Subsection (b) of section 3405 (relating to nonperiodic distribution) is amended—

(A) by striking "the amount determined under paragraph (2)" from paragraph (1) thereof and inserting "an amount equal to 10 percent of such distribution"; and

(B) by striking paragraph (2) (relating to amount of withholding) and redesignating paragraph (3) as paragraph (2).

(38) Paragraph (4) of section 3405(d) (relating to qualified total distributions) is hereby repealed.

(39) Paragraph (8) of section 3405(d) (relating to maximum amounts withheld) is amended to read as follows:

"(8) MAXIMUM AMOUNT WITHHELD.—The maximum amount to be withheld under this section on any designated distribution shall not exceed the sum of the amount of money and the fair market value of other property (other than securities of the employer corporation) received in the distribution. No amount shall be required to be withheld under this section in the case of any designated distribution which consists only of securities of the employer corporation and cash (not in excess of $200) in lieu of financial shares. For purposes of this paragraph, the term 'securities of the employer corporation' has the meaning given such term by section 402(e)(4)(E)."

(40) Subparagraph (A) of section 3405(d)(13) is amended by striking "(b)(3)" and inserting "(b)(2)".

(41) Subparagraph (A) of section 4973(b)(1) is amended by striking "sections 402(a)(5), 402(a)(7)" and inserting "sections 402(c)".

(42) Paragraph (4) of section 4980A(c) (relating to special rule where taxpayer elects income averaging) is amended by striking "section 402(e)(4)(B)" and inserting "section 402(d)(4)(B)".

(43) Subparagraph (C) of section 7701(j)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(44) Section 411(d)(3) is amended by adding at the end the following new sentence: "For purposes of this paragraph, in the case of the complete discontinuance of contributions under a profit-sharing or stock bonus plan, such plan shall be treated as having terminated on the day on which the plan administrator notifies the Secretary (in accordance with regulations) of the discontinuance."

(d) MODEL EXPLANATION.—The Secretary of the Treasury or his delegate shall develop a model explanation which a plan administrator may provide to a recipient in order to meet the requirements of section 402(f) of the Internal Revenue Code of 1986.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to distributions after December 31, 1992.

(2) SPECIAL RULE FOR PARTIAL DISTRIBUTIONS.—For purposes of section 402(a)(5)(D)(i)(II) of the Internal Revenue Code of 1986 (as in effect before the amendments made by this section), a distribution before January 1, 1993, which is made before or at the same time as a series of periodic payments shall not be treated as one of such series if it is not substantially equal in amount to other payments in such series.

SEC. 522. REQUIREMENT THAT QUALIFIED PLANS INCLUDE OPTIONAL TRUSTEE-TO-TRUSTEE TRANSFERS OF ELIGIBLE ROLLOVER DISTRIBUTIONS.

(a) OPTIONAL TRANSFERS.—

(1) QUALIFIED PLANS.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (30) the following new paragraph:

"(31) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—

"(A) IN GENERAL.—A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that if the distributee of any eligible rollover distribution—

"(i) elects to have such distribution paid directly to an eligible retirement plan, and

"(ii) specifies the eligible retirement plan to which such distribution is to be paid (in such form and at such time as the plan administrator may prescribe),

such distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified.

"(B) LIMITATION.—Subparagraph (A) shall apply only to the extent that the eligible rollover distribution would be includible in gross income if not transferred as provided in subparagraph (A) (determined without regard to sections 402(c) and 403(a)(4)).

"(C) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this paragraph, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).

"(D) ELIGIBLE RETIREMENT PLAN.—For purposes of this paragraph, the term 'eligible retirement plan' has the meaning given such term by section 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it is a defined contribution plan, the terms of which permit the acceptance of rollover distributions."

(2) EMPLOYEE'S ANNUITIES.—Paragraph (2) of section 404(a) (relating to employee's annuities) is amended by striking "and (27)" and inserting "(27), and (31)".

(3) ANNUITIES PURCHASED BY CHARITIES AND PUBLIC SCHOOLS.—Paragraph (10) of section 403(b) (relating to distribution requirements) is amended by striking "section 401(a)(9)" and inserting "sections 401(a)(9) and 401(a)(31)".

(b) WITHHOLDING ON ELIGIBLE ROLLOVER DISTRIBUTIONS WHICH ARE NOT ROLLED OVER.—

(1) IN GENERAL.—Section 3405 (relating to special rules for pensions, annuities, and certain other deferred income) is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f) and by inserting after subsection (b) the following new subsection:

"(c) ELIGIBLE ROLLOVER DISTRIBUTIONS.—

"(1) IN GENERAL.—In the case of any designated distribution which is an eligible rollover distribution—

"(A) subsections (a) and (b) shall not apply, and

"(B) the payor of such distribution shall withhold from such distribution an amount equal to 20 percent of such distribution.

"(2) EXCEPTION.—Paragraph (1)(B) shall not apply to any distribution if the distributee elects under section 401(a)(31)(A) to have such distribution paid directly to an eligible retirement plan.

"(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A) (or in the case of an annuity contract under section 403(b), a distribution from such contract described in section 402(f)(2)(A))."

(2) CONFORMING AMENDMENTS.—

(A) Section 3405(a)(1) is amended by striking "subsection (d)(2)" and inserting "subsection (e)(2)".

(B) Section 3405(b)(1) is amended by striking "subsection (d)(3)" and inserting "subsection (e)(3)".

(C) Section 3405(d)(1) (as redesignated by paragraph (1)) is amended by striking "subsection (d)(1)" and inserting "subsection (e)(1)".

(D) Sections 3402(o)(6) and 6047(d)(1) are each amended by striking "section 3405(d)(1)" and inserting "section 3405(e)(1)".

(E) Section 6047(d)(1)(A) is amended by striking "section 3405(d)(1)" and inserting "section 3405(d)(3)".

(F) Section 6652(h) is amended by striking "section 3405(d)(10)(B)" and inserting "section 3405(e)(10)(B)".

(c) EXCLUSION FROM INCOME.—

(1) QUALIFIED TRUSTS.—Subsection (e) of section 402 (relating to taxability of beneficiary of employees' trust), as amended by section 521, is amended by adding at the end the following new paragraph:

"(6) DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS.—Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of such transfer."

(2) EMPLOYEE ANNUITIES.—Subsection (a) of section 403 is amended by adding at the end the following new paragraph:

"(5) DIRECT TRUSTEE-TO-TRUSTEE TRANSFER.—Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of such transfer."

(3) ANNUITY CONTRACTS PURCHASED BY CHARITIES AND PUBLIC SCHOOLS.—Section 403(b)(10) is amended by adding at the end the following new sentence: "Any amount transferred in an direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of the transfer."

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to distributions after December 31, 1992.

(2) TRANSITION RULE FOR CERTAIN ANNUITY CONTRACTS.—If, as of July 1, 1992, a State law prohibits a direct trustee-to-trustee transfer from an annuity contract described in section 403(b) of the Internal Revenue Code of 1986 which was purchased for an employee by an employer which is a State or a political subdivision thereof (or an agency or instrumentality of any 1 or more of either), the amendments made by this section shall not apply to distributions before the earlier of—

(A) 90 days after the first day after July 1, 1992, on which such transfer is allowed under State law, or

(B) January 1, 1994.

SEC. 523. DATE FOR ADOPTION OF PLAN AMENDMENTS.

If any amendment made by this subtitle requires an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after January 1, 1994, if—

(1) during the period after such amendment takes effect and before such first plan year, the plan is operated in accordance with the requirements of such amendment, and

(2) such plan amendment applies retroactively to such period.

Subtitle C—Other Provisions

SEC. 531. MODIFICATIONS TO FEDERAL UNEMPLOYMENT ACCOUNTS.

(a) MODIFICATIONS TO EXTENDED UNEMPLOYMENT COMPENSATION ACCOUNT.—

(1) TRANSFERS TO ACCOUNT.—Paragraph (1) of section 905(b) of the Social Security Act is amended to read as follows—

"(b)(1) Except as provided in paragraph (3), the Secretary of the Treasury shall transfer (as of the close of each month), from the employment security administration account to the extended unemployment compensation account established by subsection (a), an amount determined by him to be equal to the sum of—

"(A) 100 percent of the transfers to the employment security administration account pursuant to section 901(b)(2) during such month on account of liabilities referred to in section 901(b)(1)(B), plus

"(B) 20 percent of the excess of the transfers to such account pursuant to section 901(b)(2) during such month on account of amounts referred to in section 901(b)(1)(A) over the payments during such month from the employment security administration account pursuant to section 901 (b)(3) and (d).

If for any such month the payments referred to in subparagraph (B) exceed the transfers referred to in subparagraph (B), proper adjustments shall be made in the amounts subsequently transferred."

(2) INCREASE IN CEILING.—Subparagraph (B) of section 905(b)(2) of such Act is amended by striking "three-eighths of 1 percent" and inserting "0.5 percent".

(b) REDUCTION OF CEILING ON FEDERAL UNEMPLOYMENT ACCOUNT.—Paragraph (2) of section 902(a) of such Act is amended by striking "five-eighths of 1 percent" and inserting "0.25 percent".

(c) BORROWING BETWEEN FEDERAL ACCOUNTS.—Title IX of such Act is amended by adding at the end the following new section:

"BORROWING BETWEEN FEDERAL ACCOUNTS

"SEC. 910. (a) IN GENERAL.—Whenever the Secretary of the Treasury (after consultation with the Secretary of Labor) determines that—

"(1) the amount in the employment security administration account, Federal unemployment account, or extended unemployment compensation account, is insufficient to meet the anticipated payments from the account,

"(2) such insufficiency may cause such account to borrow from the general fund of the Treasury, and

"(3) the amount in any other such account exceeds the amount necessary to meet the anticipated payments from such other account,

the Secretary shall transfer to the account referred to in paragraph (1) from the account referred to paragraph (3) an amount equal to the insufficiency determined under paragraph (1) (or, if less, the excess determined under paragraph (3)).

"(b) TREATMENT OF ADVANCE.—Any amount transferred under subsection (a)—

"(1) shall be treated as a noninterest-bearing repayable advance, and

"(2) shall not be considered in computing the amount in any account for purposes of the application of sections 901(f)(2), 902(b), and 905(b).

"(c) REPAYMENT.—Whenever the Secretary of the Treasury (after consultation with the Secretary of Labor) determines that the amount in the account to which an advance is made under subsection (a) exceeds the amount necessary to meet the anticipated payments from the account, the Secretary shall transfer from the account to the account from which the advance was made an amount equal to the lesser of the amount so advanced or such excess."

(d) REPEAL OF EXPIRED PROVISIONS.—

(1) Paragraph (2) of section 901(f) of such Act is amended—

(A) by striking "(A) Except as provided in subparagraph (B), the" and inserting "The", and

(B) by striking subparagraph (B).

(2) Section 901 of such Act is amended by striking subsection (g).

(3) Subsection (g) of section 904 is amended by striking all of such subsection that follows the 1st sentence.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) CHANGES IN CEILING AMOUNTS.—The amendments made by subsection (a)(2) and (b) shall apply to fiscal years beginning after September 30, 1993.

SEC. 532. REQUIREMENT OF DEPOSITS BY FEDERAL AGENCIES FOR UNEMPLOYMENT BENEFITS.

(a) GENERAL RULE.—Subsection (c) of section 8509 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(3) If any Federal agency does not deposit in the Federal Employees Compensation Account any amount before the date 30 days after the date on which the Secretary of Labor has notified such agency that it is required to so deposit such amount, the Secretary of Labor shall notify the Secretary of the Treasury of the failure to make such deposit and the Secretary of the Treasury shall transfer such amount to the Federal Employees Compensation Account from amounts otherwise appropriated to such Federal agency."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to failures outstanding on the date of the enactment of this Act or at any time thereafter.

SEC. 533. REPORT ON ALLOCATION OF ADMINISTRATIVE FUNDS.

Subsection (a) of section 304 of the Emergency Unemployment Compensation Act of 1991 (Public Law 102-164, as amended) is amended by striking "within the 12-month period beginning on the date of the enactment of this Act" and inserting "before December 31, 1994".

SEC. 534. EXTENSION OF COMMISSION ON INTERSTATE CHILD SUPPORT.

(a) IN GENERAL.—Section 126 of the Family Support Act of 1988 (42 U.S.C. 666 note; 102 Stat. 2355) is amended—

(1) in subsection (d)(2), by striking "May" and inserting "August"; and

(2) in subsection (f)(1), by striking "July 1" and inserting "September 30".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on June 30, 1992.

And the Senate agree to the same.

From the Committee on Ways and Means, for consideration of the House bill, and the Senate amendment, and modifications committed to conference:

DAN ROSTENKOWSKI,
HAROLD FORD,
THOMAS J. DOWNEY,
BARBARA B. KENNELLY,
MICHAEL A. ANDREWS,
GUY VANDER JAGT,
E. CLAY SHAW, Jr.,

As additional conferees from the Committee on Energy and Commerce, for consideration of section 105 of the House bill, and section 104 of the Senate amendment, and modification committed to conference:

JOHN D. DINGELL,
AL SWIFT,
DENNIS E. ECKART,
JIM SLATTERY,
GERRY SIKORSKI,
NORMAN F. LENT,
DON RITTER,
MATTHEW J. RINALDO,

As additional conferees, from the Committee on Government Operations, for consideration of title VI of the House bill, and modifications committed to conference:

JOHN CONYERS,
BARBARA BOXER,
TOM LANTOS,
BOB WISE,
MIKE SYNAR,
Managers on the Part of the House.

LLOYD BENTSEN,
DANIEL PATRICK MOYNIHAN,
MAX BAUCUS,
BOB PACKWOOD,
BOB DOLE,
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 bill (H.R. 5260) to extend the emergency unemployment compensation program, to revise the trigger provisions contained in the extended unemployment compensation program, and for other purposes, 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:

I. EXTENSION OF EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAM

1. EXTENSION OF PROGRAM

Present law.—The Federal Emergency Unemployment Compensation (EUC) program was first enacted in November 1991 and amended most recently in February 1992. Under the amendments enacted in February and before June 14, 1992 the EUC program provides 26 or 33 weeks of benefits for most workers who exhaust their regular State benefits depending on unemployment in their States.

States with adjusted insured unemployment rates (AIURs) of at least 5 percent or total unemployment rates (6-month moving average) of at least 9 percent are eligible to pay 33 weeks of benefits. All other States are eligible to pay 26 weeks of benefits. In determining the adjusted insured unemployment rate, the Secretary of Labor is directed to take into account individuals who have exhausted their rights to regular State compensation during the most recent 3 calendar months for which data are available.

House bill.—This provision extends the EUC program and provides 20 or 26 weeks of benefits from June 14, 1992 or the week beginning after the week in which the bill is enacted, whichever is later, until the earlier of: (1) January 1, 1993; or (2) the month after the month in which the National unemployment rate (3-month moving average) falls below 6.5 percent. When either one of these conditions is met, the program begins a three-month phaseout in which the number of weeks available to new claimants falls to 10 or 13 weeks of benefits. At the end of this phaseout period, regular State program exhaustees cannot file new EUC claims.

Senate amendment.—The schedule of benefits enacted in February (33 weeks for workers in high unemployment States and 26 weeks in all other States) will be continued for so long as the seasonally-adjusted national unemployment rate remains at 7 percent or higher. However, if for two consecutive months the national unemployment rate falls below 7 percent, the number of weeks of benefits will be reduced to 15 and 10. The number of weeks of benefits will be further reduced (to 13 and 7 weeks) if, for two consecutive months the national unemployment rate falls below 6.8 percent. The EUC program expires on March 6, 1993. Workers who exhaust regular State benefits after that date will be ineligible for EUC benefits.

Conference agreement.—The conference agreement follows the Senate amendment except the number of weeks of benefits available initially would be 20 and 26 instead of 26 and 33, respectively.

2. PHASEOUT OF PROGRAM

Present law.—After June 13, 1992, States are eligible to pay 20 or 13 weeks of benefits. Exhaustees of regular State program benefits after July 4, 1992 are not eligible for EUC benefits. Claimants already receiving benefits for the week ending June 13, 1992 may continue on the program as long as there is no break in their receipt of benefits. If they do not receive benefits in a given week after the week ending June 13, 1992, they may receive no more EUC benefits.

House bill.—Claimants receiving EUC benefits during the last week of March 1993 would have three months in which to receive their remaining benefits. They would not be required to claim the benefits for each consecutive week. After this three-month period, the program would end and no more benefits would be paid.

Senate amendment.—Individuals who began receiving EUC benefits on or before March 6 would be entitled to the full number of weeks of benefits for which they were found eligible. They would not be required to claim the benefits for each consecutive week. No benefits would be payable after June 19, 1993.

If for any week beginning after March 6, 1993, an extended benefit period is activated in a State, individuals claiming benefits for such week and any following weeks are eligible to receive benefits under the EUC or extended benefits program, whichever is greater.

Conference agreement.—The conference agreement follows the Senate amendment. Claimants who were disqualified from receiving further EUC benefits because they did not claim benefits in a week between June 13, 1992 and July 5, 1992 would be able to resume receiving EUC benefits they were eligible otherwise.

3. SOURCE OF FUNDS FOR EUC PROGRAM

Present law.—Benefits are fully Federally-funded out of the Extended Unemployment Compensation Account, except for benefits for employees of non-profit and governmental entities, which are paid out of general revenue.

House bill.—Continues present law.

Senate amendment.—The new EUC benefits would be paid out of general revenues. The Secretary of Treasury is required to transfer from the general fund to the extended unemployment account such sums as are necessary to pay these new benefits.

Conference agreement.—The conference agreement follows the Senate amendment, modified to also require a transfer of funds to pay for all administrative costs resulting from the enactment of the bill. For budgetary purposes, these administrative costs are classified as direct spending and not discretionary spending.

4. MODIFICATION TO ELIGIBILITY REQUIREMENTS

Present law.—(a) The eligibility requirements of the Extended Benefits (EB) program are used in the EUC program. Under the EB program, to be eligible an unemployed worker in his base year (the first four of the last five completed calendar quarters in 47 of the 53 State programs) must have either: (1) worked 20 weeks; (2) earned 40 times his weekly benefit amount; or (3) earned 1.5 times his wages in the quarter in his base year in which he earned the most wages (the "high quarter"). The State is required to provide by law which one of the three foregoing methods of measuring employment and earnings will be used for determining eligibility of all claimants.

(b) If EUC claimants' regular State benefit years expire, they must file new claims for regular State benefits even though they have EUC entitlements remaining under the EUC program.

(c) States are required to collect overpayments of EUC benefits, except if the claimant was without fault and such collection would be contrary to equity and good conscience.

House bill.—(a) The provision changes the conditions under which claimants qualify for EUC from those under the Federal-State Extended Benefits (EB) program to the conditions under the regular State programs. If still unemployed, claimants who were ineligible for EUC under the EB requirements can re-apply for benefits payable for weeks of unemployment on or after the date of enactment.

(b) Effective upon enactment, the provision allows EUC claimants who have exhausted their State benefits years while receiving EUC to choose between continuing on EUC or filing a new claim for regular State benefits.

Those claimants who were required to apply for regular State benefits already may go back to EUC benefits as if they had not been required to re-apply for regular State benefits by the EUC program.

(c) Repayment of overpayments, mistakenly made by some States in violation of the EB employment/wage requirements or the requirement that claimants must file for regular benefits again when their regular State benefit year expires, is waived.

Senate amendment.—(a) In determining EUC and EB eligibility, States may use one or more of the three eligibility criteria that are specified in the Federal EB statute, rather than being required to choose one of the three.

Conference agreement.—The conference agreement follows the House bill except for the "20-weeks of work" requirement. It includes the Senate amendment which allows States to use all of the three criteria in determining claimant eligibility.

5. TECHNICAL MODIFICATION FOR REIMBURSABLE EMPLOYERS

Present law.—The EUC program authorizes to be appropriated from the general fund such sums as may be necessary to cover the costs of EUC benefits paid to former employees of nonprofit organizations and State-local governments.

House bill.—The provisions explicitly requires the Secretary of Labor to estimate the amount of benefits paid in each State to former employees of nonprofit organizations and State-local governments that must be charged to the Federal general fund. This would relieve States of the current costly administrative burden of maintaining an accounting of the type of employment on which these benefits were earned.

Senate amendment.—No provision.

Conference agreement.—The conference agreement follows the House bill.

6. TREATMENT OF PERSIAN GULF RESERVISTS

Present law.—Reservists receive wage credits under the unemployment compensation program for ex-military personnel if they serve 90 continuous days on active duty.

House bill.—The provision adds a special rule which states that if: (1) an individual was receiving regular State benefits, Extended Benefits, or Trade Readjustment Allowances the week in which he was called to active duty in the military reserves; (2) the individual served in response to the Persian Gulf crisis for at least 90 consecutive days; (3) the individual's regular State benefit year expired after he returned from that service; and (4) the individual received regular State benefits at a reduced weekly benefit amount after he returned from that service compared to what he received before he was ordered to active duty; then the individual shall receive a weekly benefit amount from the EUC program equal to what he received during the week in which he was called to active duty in the military reserves.

Senate amendment.—No provision.

Conference agreement.—The conference agreement follows the House bill.

7. EUC FOR CERTAIN RAILROAD WORKERS

Present law.—Workers in the railroad industry are eligible for a separate unemployment compensation program that provides benefits basically equivalent to those provided under the regular State unemployment compensation programs. Under current law, railroad employees with less than 10 years of service in the railroad industry are not eligible for any extended benefits due to a statutory flaw in the trigger mechanism. However, the unemployment legislation enacted previously to provide emergency unemployment benefits to other workers also provided additional weeks of extended benefits for qualifying railroad workers (P.L. 102-164, P.L. 102-182, P.L. 101-244). These special benefits for railroad workers expire July 4, 1992.

House bill.—Eligible railroad workers may continue to receive benefits through the life of the EUC program.

Senate amendment.—Same as House bill.

Conference agreement.—The conference agreement follows the House bill and the Senate agreement.

8. MODIFY WORK SEARCH RULES FOR AREAS OF HIGH UNEMPLOYMENT

Present law.—Federal rules enacted in 1980 to apply to the Extended Benefits program, and which also apply to EUC, require "systematic and sustained" work search by individuals who are receiving extended benefits. As a result of these rules, workers are frequently required to make repeated contacts with employers each week, even in areas where unemployment is very high and there are very few employers.

House bill.—No provision.

Senate amendment.—The Governor of a State would be allowed to waive the Federal work search rules (and apply State rules instead) in an area that the Governor designates as an area of exceptionally high unemployment. The Secretary of Labor would be authorized to issue regulations providing guidelines for determining the circumstances under which waivers could be granted.

Conference agreement.—The conference agreement does not include the Senate provision.

II. MODIFICATIONS TO EXTENDED UNEMPLOYMENT COMPENSATION PROGRAM

Unemployed workers are paid up to 26 weeks of regular unemployment benefits financed by State unemployment taxes on employers. In States with high insured unemployment rates, the Extended Benefits (EB) program pays up to 13 weeks of additional benefits to workers who have exhausted their regular State benefits. The EB program is a joint Federal-State program, half of which is financed by Federal unemployment taxes on employers and half by State unemployment taxes.

1. MODIFICATION OF TRIGGER PROVISIONS

Present law.—Currently, the Federal-State Extended Benefits (EB) program is activated to provide up to 13 weeks of benefits in a State when its insured unemployment rate (13-week moving average) is at least 5 percent and 20 percent higher than the average for the corresponding period in the prior two years, or, at State option, is at least 6 percent. Twelve States have not adopted the 6 percent option.

House bill.—The provision revises the EB trigger so that the 13 weeks of EB is activated in a State when its seasonally adjusted total unemployment rate (TUR) (3-month moving average) is at least 6 percent and 10 percent higher than the TUR for the same 3-month period in the first or second preceding year. In addition, 7 more weeks would be available in States with TURs of at least 8 percent that are 10 percent higher than the TUR for the same 3-month period in the first or second preceding year.

In addition, the Committee report on the bill directs the Advisory Council on Unemployment Compensation to study the efficiency and equity of activating the countercyclical EB program on the basis of State unemployment rates. In particular, the Committee was concerned that out-migration from an economically distressed State might make its unemployment rate so low that the EB program would not activate in the State. On the other hand, the Committee also was concerned that the EB program activate in high unemployment States were unemployed workers might have migrated. The Advisory Council should study whether migration patterns should be factored into the trigger mechanism of the EB program and make recommendations when it submits its first report to Congress.

Effective date: October 1, 1993. In the case of any State legislature which has not been in session for at least 30 days between the date of enactment and October 1, 1993, the provision will not be a requirement of the State law before 30 days after the first day on which the State's legislature is in session on or after October 1, 1993.

Senate amendment.—Effective March 7, 1993, States would have the option of using an additional alternative trigger. Under this option, EB benefits would be paid when: (1) the State seasonally adjusted total unemployment rate (TUR) for the most recent 3 months for which data for all States are published is at least 6.5 percent, and that rate is at least 10 percent higher than the State's TUR for the same 3-month period in the first or second preceding year.

Conference agreement.—The conference agreement follows the Senate amendment except that, at State option, an additional 7 weeks of benefits may be provided in States with total unemployment rates of at least 8 percent and which meet the 110 percent requirement.

2. REPEAL OF SPECIAL ELIGIBILITY REQUIREMENTS

Present law.—In general, States require regular program claimants to be able to work, to be available for work, and to seek suitable work actively. State administrators have flexibility in administering these requirements, however, to take into account special circumstances. For example, a claimant in a rural community with only one large employer is not likely to be required to re-apply for a job with that employer every week.

Under the Extended Benefits program (EB), benefits may not be paid to an individual in any week of unemployment if: (a) he fails to accept an offer of "suitable work" or he fails to apply for suitable work to which he was referred by the State agency; or (b) he fails

to actively seek work, unless: (1) he was issued a summons to appear for jury duty before any court of the United States or any State, or (2) he was hospitalized for treatment of any emergency or a life-threatening condition if such exemptions apply to claimants of regular State benefits and the State chooses to apply them to claimants of EB.

If a claimant is ineligible because of either (a) or (b) above, the claimant is disqualified for the week following the week in which the violation occurred and for each subsequent week until he has been employed for at least 4 weeks and earned at least 4 times his weekly benefit amount.

The term "suitable work" means any work within the claimant's capabilities, except that if the individual furnishes evidence that his prospects for obtaining work in his customary occupation within a reasonably short time period are good, the definition of "suitable work" conforms to State law.

EB may not be denied to a claimant for failure to apply for or accept a suitable job if: (a) the gross pay does not exceed the claimant's weekly benefit amount plus any supplemental benefits payable to him; (b) the position was not offered in writing and was not listed with the State employment service; (c) such failure would not result in a denial of regular State benefits as long as other conditions of the EB program are met; or (d) the job pays wages less than the higher of: (1) the Federal minimum wage, or (2) the applicable State or local minimum wage.

The claimant is treated as actively seeking work if: (a) he has engaged in a systematic and sustained effort to obtain work; and (b) he provides tangible evidence to the State agency that he has engaged in such effort.

The State must provide for referring applicants for EB to any suitable work to which these provisions apply.

No provision of State law which terminates a disqualification of a claimant for regular State benefits because of voluntarily leaving a job, being discharged for misconduct, or refusing suitable work applies to the EB program unless such termination is based on subsequent employment.

Under the EB program, to be eligible an unemployed worker in his base year (the first four of the last five completed calendar quarters in 47 of the 53 State programs) must have either: (1) worked 20 weeks; (2) earned 40 times his weekly benefit amount; or (3) earned 1.5 times his wages in the quarter in this base year in which he earned the most wages (the "high quarter"). The State law must provide which one of the three above methods of measuring employment and earnings shall be used.

House bill.—The provision repeals Federal EB qualification, suitable work, job search, and re-employment requirements. States may apply State requirements instead.

Effective date: October 1, 1993. In the case of any State legislature which has not been in session for at least 30 days between the date of enactment and October 1, 1993, the provision will not be a requirement of the State law before 30 days after the first day on which the State's legislature is in session on or after October 1, 1993.

Senate amendment.—The Governor of a State would be allowed to waive the Federal work search rules (and apply State rules instead) in an area that the Governor designates as an area of exceptionally high unemployment. The Secretary of Labor would be authorized to issue regulations providing guidelines for determining the circumstances under which waivers could be granted.

States may use one or more of the three eligibility criteria that are specified in the Federal EB statute, rather than being required to choose one of the three.

Effective date: Date of enactment.

Conference agreement.—The conference agreement follows the Senate amendment which allows States to use one or more of the three criteria in determining claimant eligibility under the "20-weeks of work" requirement. It suspends Federal EB suitable work, job search, and re-employment requirements until January 1, 1995. It requires the Federal Advisory Council on Unemployment Compensation to study and make recommendations to the House Committee on Ways and Means and Senate Committee on Finance with respect to whether the suspended provisions should be repealed or revised (including recommendations as to the nature of any such revisions). The report is due prior to February 1, 1994.

3. INCREASE IN AMOUNT OF FEDERAL REIMBURSEMENT

Present law.—The Federal matching rate under the EB program is 50 percent.

House bill.—The provision increases the Federal matching rate to 75 percent.

Senate amendment.—No provision.

Conference agreement.—The conference agreement does not include the House provision.

III. MODIFICATIONS TO FEDERAL UNEMPLOYMENT TAX

1. MODIFICATIONS TO FEDERAL UNEMPLOYMENT TAX

Present law.—The Federal Unemployment Tax Act (FUTA) currently imposes a 6.2 percent gross tax rate on the first $7,000 paid annually by covered employers to each employee. Employers in States with programs approved by the Federal government and with no delinquent Federal loans may credit 5.4 percentage points against the 6.2 percent tax rate, making the minimum net tax rate 0.8 percent. Of the 0.8 percent tax rate, 0.6 percentage point is permanent and 0.2 percentage point is a surtax scheduled to expire at the end of 1996.

In order for employers in a State to be eligible for the full 5.4 percentage point credit, a State also must have a State taxable wage base of at least $7,000. If a State had a lower taxable wage base, its employers would lose the benefit of the 5.4 percentage point credit on the excess of the $7,000 over the State taxable wage base. No State has a taxable wage base set lower than $7,000. As of the beginning of 1992, 38 of the 53 State programs had taxable wage bases exceeding $7,000.

House bill.—The bill reduces the 0.8 percent Federal unemployment tax rate to 0.3 percent in 1995 through 1996 and to 0.25 percent in 1997 and thereafter. The $7,000 Federal unemployment taxable wage base increases in 1995 to the average annual covered wage, estimated by the Congressional Budget Office to be $28,200 in 1995. The taxable wage base would change each year thereafter as the estimate of the average annual covered wage changed.

Senate amendment.—No provision.

Conference agreement.—The conference agreement does not include the House provision.

2. INFORMATION REQUIRED WITH RESPECT TO TAXATION OF UNEMPLOYMENT BENEFITS

Present law.—Under the Tax Reform Act of 1986, all unemployment compensation is subject to Federal personal income taxation.

House bill.—The provision requires States to provide information on the taxation of unemployment compensation and the payment of estimated individual income taxes.

Senate amendment.—Same as House bill except for technical differences.

Conference agreement.—The conference agreement follows the Senate amendment.

3. MAILING OF CERTAIN INFORMATION PERMITTED

Present law.—Office of Management and Budget (OMB) Circular A–87 requires States to share in the cost of postage if they add material to mailings concerning unemployment compensation even if the mailings do not add to the total cost of the postage.

House bill.—The provision would allow States to include information on the Earned Income Credit (EIC) in their Form 1099–G mailings to workers who have received unemployment benefits at no cost as long as the additional information does not increase the postage cost of the mailing.

Senate amendment.—Same as House bill.

Conference Agreement.—The conference agreement follows the House bill and the Senate amendment.

4. EXTENSION OF EXISTING TREATMENT OF CERTAIN AGRICULTURAL WORKERS

Present law.—Agricultural labor performed before January 1, 1993 by an individual who is an alien admitted to the United States to perform agricultural labor under sections 214(c) and 101(a)(15)(H) of the Immigration and Nationality Act is excluded from coverage under the Federal Unemployment Tax Act.

House bill.—The provision would extend current law for two years until January 1, 1995 and require the Federal Advisory Council on Unemployment Compensation to study the impact of the provision and report to the House Committee on Ways and Means and the Senate Committee on Finance by February 1, 1994.

Senate amendment.—The provision extends the present law treatment of certain Agricultural workers permanently.

Conference agreement.—The conference agreement follows the House bill.

5. EXTENSION OF PERIOD FOR REPAYMENT OF FEDERAL LOANS TO STATE UNEMPLOYMENT FUNDS

Present law.—Employers in States with overdue Federal loans are subject to increases in their Federal unemployment tax rate stemming from automatic decreases in their Federal unemployment tax credit of 5.4 percentage points against the current gross tax rate of 6.2 percent. Interest is charged on loans that are not repaid by the end of the fiscal year in which they are obtained.

States with outstanding unemployment loans from the Federal government must repay them fully by November 10 of the calendar year in which the second consecutive January first passes with the State still having an outstanding loan. This means that the State has about a two- to three-year grace period to repay the loan without penalty taxes, depending on when it obtained the loan. If it does not repay fully by the appropriate November 10, employers in the State are subject to annual credit decreases beginning with the preceding January 1 until the loan is repaid fully. Employers must pay the additional taxes resulting from the credit decrease no later than January 31 of the next calendar year.

The credit reduction is at least 0.3 percentage point per year beginning with the calendar year in which the second consecutive January first passes during which the loan is outstanding. There are two potential additional credit decreases during ensuing calendar years in which a State has an outstanding advance: (1) in the calendar years

after the third and fourth consecutive January firsts pass, the employers in the State face a decrease by the amount that 2.7 percent exceeds the State's average tax rate on taxable wages in the calendar year to which the decrease applies; (2) in the calendar years in which the fifth through ninth consecutive January firsts pass, the employers face a decrease equal to the higher of the amount in (1) or the amount that the State's 5-year benefit cost rate exceeds the State's average tax rate on taxable wages in the calendar year to which the decrease applies. The 5-year benefit-cost rate is one-fifth of the unemployment benefits paid in the first 5 of the last 6 completed calendar years preceding the calendar year to which the credit decrease applies divided by taxable wages in the last calendar year.

House bill.—The provision extends by one year the grace period for Federal unemployment penalty taxes on employers in States with overdue unemployment loans from the Federal government if the State amended its unemployment insurance law in 1992 or 1993 to increase estimated revenues by at least 25 percent if the first year after enactment of the State legislation.

Effective date: Date of enactment.

Senate amendment.—No provision.

Conference agreement.—The conference agreement follows the House bill.

IV. Modification to Regular State Unemployment Compensation Programs

1. Treatment of short-time unemployment compensation programs

Present law.—All funds withdrawn from the unemployment trust fund of a State must be used solely in payment of unemployment compensation, exclusive of administrative expenses and refunds of erroneously paid sums except: (1) certain authorized disability payments; (2) certain "Reed Act" expenses; (3) authorized health insurance costs; and (4) repayments of overpayments. Short-time compensation is not mentioned explicitly.

A provision enacted in 1982 authorizing such programs has expired. (Short-time compensation programs are programs under which States may pay pro rata benefits to individuals who are working less than full time because their employer has a plan approved by the State agency that provides for a reduction in work hours for employees rather than temporary layoffs.)

House bill.—Clarifies that States may continue to pay short-time compensation.

The provision also requires the Secretary of Labor to develop model State legislation, to update it periodically, to provide technical assistance to the States, and to report to Congress on implementation of short-time compensation.

Senate amendment.—Similar to House bill.

Conference agreement.—The conference agreement follows the House bill and Senate amendment. Also, language is added providing that eligible employees may participate in employer-sponsored training programs to enhance job skills if such programs have been approved by the State agency.

2. Benefit information requirements

Present law.—No provision.

House bill.—The provision requires employers to give each worker whose employment relationship with the employer is terminated such written information on unemployment insurance eligibility and benefits as is provided by the State agency. Employers must post at places readily accessible to employees such printed statements regarding benefit rights as prescribed by the State agency.

Senate amendment.—No provision.

Conference agreement.—The conference agreement does not include the House provision.

V. Financing Provisions

1. Extension of phaseout of personal exemptions

Present law.—Present law permits a personal exemption deduction from gross income for an individual, the individual's spouse, and each dependent. For 1992, the amount of this deduction is $2,300 for each exemption claimed. This exemption amount is adjusted for inflation. The deduction for personal exemptions is phased out for taxpayers with adjusted gross income (AGI) above a threshold amount (indexed for inflation), which is based on filing status. For 1992, the threshold amounts are $157,900 for married taxpayers filing joint returns, $78,950 for married taxpayers filing separate returns, $131,550 for unmarried taxpayers filing as head of household, and $105,250 for unmarried taxpayers filing as single.

The total amount of exemptions which may be claimed by a taxpayer is reduced by 2 percent for each $2,500 (or portion thereof) by which the taxpayer's AGI exceeds the applicable threshold (the phaseout rate is 4 percent for married taxpayers filing separate returns). Thus, the personal exemptions claimed are phased out over a $122,500 range, beginning at the applicable threshold.

This provision does not apply to taxable years beginning after December 31, 1995.

House bill.—The bill delays the expiration date for the personal exemption phaseout applicable to higher-income individuals for two years. Under this provision, the phaseout of personal exemptions will not apply to taxable years beginning after December 31, 1997.

Effective date: The provision is effective for taxable years beginning in 1996 and 1997.

Senate amendment.—No provision.

Conference agreement.—The conference agreement follows the House bill with the modification that the expiration of the personal exemption phaseout is delayed for one year. Under the conference agreement, the phaseout of personal exemptions will not apply to taxable years beginning after December 31, 1996.

2. Disallowance of deduction for certain employee remuneration in excess of $1,000,000

Present law.—Under present law, a deduction is allowed in computing Federal income tax liability for ordinary and necessary expenses paid or incurred during the taxable year in carrying on a trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered.

House bill.—For purposes of the regular income tax and the alternative minimum tax, the otherwise allowable deduction for compensation with respect to a covered employee is limited to no more than $1 million per year. A covered employee means any employee of the taxpayer who is an officer of the taxpayer, other than an employee-owner of a personal service corporation.

For purposes of the provision, whether an individual is an officer is determined upon the basis of all the facts. The provision does not apply to payments to partners in a partnership because they are not employees. The provision also does not apply to payments to independent contractors.

The deduction limitation generally applies to all remuneration for services, including cash and the cash value of all remuneration (including benefits) paid in a medium other than cash. The limit does not apply to fringe benefits excludable from income under section 132, meals and lodging furnished on the business premises of the employer that are excludable under section 119, or any payment made to, or on behalf of, an employee or beneficiary (1) from or to a qualified pension, profit-sharing, or annuity plan, or (2) under a simplified employee pension (SEP) or tax-sheltered annuity (other than elective deferrals to such a plan or annuity).

The deduction limitation applies at the time the deduction would otherwise be taken, whether or not the remuneration to which the deduction relates is for service performed during the taxable year.

Effective date: The provision is effective for taxable years beginning on or after January 1, 1992.

For taxable years beginning before the date of enactment of the provision, no additional penalty tax is imposed on a corporation with respect to any underpayment of estimated tax to the extent such underpayment was created or increased by the provision.

Senate amendment—No provision.

Conference agreement.—The conference agreement does not include the House bill provision.

3. Rollover and withholding on nonperiodic pension distributions

Present law.—Distributions from tax-qualified pension plans (sec. 401(a)), qualified annuity plant (sec. 403(a)), and tax-sheltered annuities (sec. 403(b)) generally are included in gross income in the year paid or distributed under the rules relating to the taxation of annuities. A total or partial distribution of the balance to the credit of an employee may, under certain circumstances, be rolled over tax free to another plan or annuity or to an individual retirement account (IRA).

For purposes of the rule denying rollover treatment in the case of certain periodic payments, payments made before, with, or after the commencement of the periodic payments are not treated as part of the series of periodic payments.

Income tax withholding on pension distributions is required unless the payee elects not to have withholding apply. If no election is made, tax is withheld from nonperiodic payments at a 10-percent rate, unless the payments are part of a qualified total distribution, in which case tables published by the Internal Revenue Service are used to determine the withholding rate. A qualified total distribution generally is a payment within one year of the entire interest in a plan.

House bill.—No provision.

Senate amendment.—Under the Senate amendment, any part of the taxable portion of a distribution from a qualified pension or annuity plan or a tax-sheltered annuity (other than a minimum required distribution) can be rolled over tax free to an IRA or another qualified plan or annuity, unless the distribution is one of a series of substantially equal payments made (1) over the life (or joint life expectancies) of the participant and his or her beneficiary, or (2) over a specified period of 10 years or more.

For purposes of the rule denying rollover treatment in the case of certain periodic payments, a single-sum payment that is not substantially equal to the period payments that is made before, with, or after the commencement of the periodic payments is not treated as one of the series of periodic payments. For example, if an employee receives 30 percent of his or her accrued benefit in the form of single-sum distribution upon retirement with the balance payable in annuity

form, the amount of the single-sum distribution can be rolled over.

A qualified retirement or annuity plan must permit participants to elect to have any distribution that is eligible for rollover treatment transferred directly to an eligible transferee plan specified by the participant.

Withholding is imposed at a rate of 20 percent on any distribution that is eligible to be rolled over but that is not transferred directly to an eligible transferee plan. Payees cannot elect to forego withholding with respect to such distributions.

Plan amendments required under the provision do not have to be made before the first plan year beginning on or after January 1, 1994, if the plan is operated in accordance with the provision and the amendment applies retroactively.

Effective date: The provision is effective for distributions after December 31, 1992.

Conference agreement.—The conference agreement follows the Senate amendment, with modifications.

The conference agreement provides that the plan administrator must provide a written explanation to a recipient of his or her distribution options (including the direct trustee-to-trustee transfer option) within a reasonable period of time before making an eligible rollover distribution. The Secretary of the Treasury is directed to develop a model notice.

The administrator may require that a recipient electing a direct trustee-to-trustee transfer provide adequate information in a timely manner regarding the eligible retirement plan to which the transfer is to be made. The transferor plan and its administrator will not be subject to penalties or liability because of reasonable reliance on such information provided by a recipient, and is not required to independently verify such information. As under the Senate amendment and present law, a qualified retirement plan is not required to accept a direct trustee-to-trustee transfer.

The direct trustee-to-trustee transfer option is considered a distribution option, so that spousal consent and other similar participant and beneficiary protection rules apply. Because a direct transfer generally is considered a distribution from the transferor plan, rights and options available under the transferor plan need not be preserved under the transferee plan.

The conference agreement clarifies that the explicit exclusion from gross income of amounts transferred in a direct trustee-to-trustee transfer in accordance with the provision is not intended to affect the treatment of direct transfers under other provisions of the Code.

Under the conference agreement, in the case of section 403(b) tax-sheltered annuity plans maintained by State and local governments which are prohibited under State law from making direct trustee-to-trustee transfers, the provisions relating to trustee-to-trustee transfers and withholding do not apply to distributions before the earlier of (1) January 1, 1994, or (2) 90 days after the date on which the State law is amended to permit such transfers.

4. MODIFY ESTIMATED TAX PAYMENT RULES FOR LARGE CORPORATIONS

Present law.—A corporation is subject to an addition to tax for any underpayment of estimated tax. For taxable years beginning in 1993, 1994, 1995, and 1996, a corporation does not have an underpayment of estimated tax if it makes four equal timely estimated tax payments that total at least 95 percent of the tax liability shown on the return for the current taxable year. In addition, a corporation may annualize its taxable income and make estimated tax payments based on 95 percent of the tax liability attributable to such annualized income.

For taxable years beginning in 1992, the 95-percent requirement is a 93-percent requirement; the 95-percent requirement becomes a 90-percent requirement for taxable years beginning in 1997 and thereafter.

House bill.—No provision.

Senate amendment.—For taxable years beginning after June 30, 1992, and before 1997, the bill requires a large corporation to base its estimated tax payments on 96 percent (rather than 93 or 95 percent) of its current year tax liability, whether such liability is determined on an actual or annualized basis. For taxable years beginning after 1996, the bill requires a large corporation to base its estimated tax payments on 91 percent (rather than 90 percent) of its current year tax liability.

The amendment does not change the present-law availability of the 100 percent of last year's liability safe harbor for large or small corporations.

Conference agreement.—The conference agreement follows the Senate amendment with the following modification. For taxable years beginning after June 30, 1992, and before 1997, the conference agreement requires a large corporation to base its estimated tax payments on 97 percent (rather 96 percent as under the Senate amendment) of its current year tax liability, whether such liability is determined on an actual or annualized basis.

5. TAXABLE YEAR ELECTION FOR PARTNERSHIPS, S CORPORATIONS, AND PERSONAL SERVICE CORPORATIONS

Present law.—A partnership is generally required for Federal income tax purposes to use the taxable year that is used by a majority of its partners. An S corporation or a personal service corporation is generally required for Federal income tax purposes to use the calendar year as its taxable year.

A partnership, S corporation, or personal service corporation, however, may elect to use a taxable year other than the required taxable year. In the case of a partnership, S Corporation, or personal service corporation that is adopting a taxable year or changing a taxable year, the taxable year that may be elected generally may not result in a deferral period of more than three months.

House bill.—No provision.

Senate amendment.—A partnership, S corporation, or personal service corporation is allowed to elect any taxable year without regard to the length of the deferral period of the taxable year elected if the annual financial statements (if any) of the entity used for credit purposes or provided to the partners, shareholders, or other proprietors of the entity cover the same period as the taxable year elected.

The provision increases the amount of the required payment that must be made by a partnership or S corporation that elects a taxable year other than the required taxable year (including any partnership or S corporation that has an election in effect on the date of enactment of the provision) and requires an additional required payment for any taxable year that a partnership or S corporation first makes a taxable year election or changes a taxable year election to increase the deferral period.

The provision also increases the minimum distribution requirement that must be satisfied by a personal service corporation that elects a taxable year other than the required taxable year (including a personal service corporation that has an election in effect on the date of enactment of the provision).

Effective date: The provision applies to taxable years beginning after December 31, 1991.

Conference agreement.—The conference agreement does not include the Senate provision.

6. MARKET-TO-MARKET ACCOUNTING METHOD FOR DEALERS IN SECURITIES

Present law.—A taxpayer that is a dealer in securities is required for Federal income tax purposes to maintain an inventory of securities held for sale to customers. A dealer in securities is allowed for Federal income tax purposes to determine (or value) the inventory of securities held for sale based on: (1) the cost of the securities; (2) the lower of the cost or market value of the securities; or (3) the market value of the securities.

For financial accounting purposes, the inventory of securities generally is determined based on market value.

House bill.—No provision.

Senate amendment.—The provision requires certain securities that are held by a dealer in securities to be market to market for Federal income tax purposes.

For these purposes, a dealer in securities is defined as any taxpayer that either (1) regularly purchases securities from, or sells securities to, customers in the ordinary course of a trade or business, or (2) regularly offers to enter into, assume, offset, assign, or otherwise terminate positions in securities with customers in the ordinary course of a trade or business.

A security is defined as: (1) any share of stock in a corporation; (2) any partnership or beneficial ownership interest in a widely held or publicly trade partnership or trust; (3) any note, bond, debenture, or other evidence of indebtedness; (4) any interest rate, currency, or equity notional principal contract; and (5) any evidence of an interest in, or any derivative financial instrument in, a security described in (1) through (4) above or any currency, including any option, forward contract, short position, or any similar financial instrument in such a security or currency.

In addition, a security is defined to include any position if: (1) the position is not a security described in the preceding paragraph; (2) the position is a hedge with respect to a security described in the preceding paragraph; and (3) before the close of the day on which the position was acquired (or entered into or such other time as the Treasury Department may specify in regulations), the position is clearly identified in the dealer's records as a hedge with respect to a security described in the preceding paragraph. A security, however, does not include a contract to which section 1256(a) of the Code applies.

Notwithstanding the definition of security, the mark-to-market rules generally do not apply to: (1) any security that is held for investment: (2) any evidence of indebtedness that is acquired (including originated) by a dealer in the ordinary course of a trade or business of the dealer but only if the evidence of indebtedness is not held for sale; (3) any security acquired by a floor specialist (as defined in section 1236(d)(2) in connection with the floor specialist's duties as a specialist on an exchange, but only if the security is one in which the specialist is registered with the exchange; (4) any security which is a hedge with respect to a security that is not subject to the mark-to-market rules; and (5) any security which is a hedge with respect to a position, right to income, or a liability that is not a security in the hands of the taxpayer.

These exceptions to the mark-to-market rules do not apply unless before the close of the day on which the security is acquired, originated, or entered into (or such other time as the Treasury Department may specify in regulations), the security is clearly identified in the dealer's records as being described in one of the exceptions listed in the preceding paragraph.

Effective date: The provision applies to taxable years ending on or after December 31, 1992. The net amount of the section 481(a) adjustment is taken into account ratably over a 10-taxable year period beginning with the first taxable year ending on or after December 31, 1992, to the extent that such amount does not exceed the net amount of the section 481(a) adjustment that would have been determined had the change in method of accounting occurred for the last taxable year beginning before March 20, 1992.

Conference agreement.—The conference agreement does not include the Senate provision.

7. TAX TREATMENT OF CERTAIN FSLIC FINANCIAL ASSISTANCE

Present law.—A taxpayer may claim a deduction for a loss on the sale or other disposition of property only to the extend that the taxpayer's adjusted basis for the property exceeds the amount realized on the disposition and the loss is not compensated for by insurance or otherwise (sec. 165 of the Code). A similar rule applies for purposes of accounting for bad debts.

A special statutory tax rule, enacted in 1981, excluded from a thrift institution's income financial assistance received from the Federal Savings and Loan Insurance Corporation (FSLIC), and prohibited a reduction in the tax basis of the thrift institution's assets on account of the receipt of the assistance. Under the Technical and Miscellaneous Revenue Act of 1988 (TAMRA), taxpayers generally were required to reduce certain tax attributes by one-half the amount of financial assistance received from the FSLIC pursuant to certain acquisitions of financially troubled thrift institutions occurring after December 31, 1988. These special rules were repealed by FIRREA, but still apply to transactions that occurred before May 10, 1989.

Prior to the enactment of FIRREA, the FSLIC entered into a number of assistance agreements in which it agreed to provide loss protection to acquirers of troubled thrift institutions by compensating them for the difference between the book value and sales proceeds of "covered assets."

As of March 4, 1991, Treasury Department report ("Treasury report") on tax issues relating to the 1988/89 FSLIC transactions concluded that deductions should not be allowed for losses that are reimbursed with exempt FSLIC assistance. The Treasury report states that the Treasury view is expected to be challenged in the courts and recommended that Congress enact clarifying legislation disallowing these deductions.

House bill.—No provision.

Senate amendment.—General rule: Any FSLIC assistance with respect to any loss of principal, capital, or similar amount upon the disposition of an asset would be taken into account as compensation for such loss for purposes of section 165 of the Code. Any FSLIC assistance with respect to any debt would be taken into account for purposes of determining whether such debt is worthless (or the extent to which such debt is worthless) and in determining the amount of any addition to a reserve for bad debts.

Financial assistance to which the FIRREA amendments apply: The proposal would not apply to any financial assistance to which the amendments made by section 1401(a)(3) of FIRREA apply.

No inference: No inference would be intended as to prior law or as to the treatment of any item to which this proposal does not apply.

Conference agreement.—The conference agreement does not include the Senate provision.

8. TRANSFER OF INCOME TAXES ON UNEMPLOYMENT BENEFITS TO UNEMPLOYMENT TRUST FUND

Present law.—Under present law, all unemployment benefits received are included in a taxpayer's gross income. Tax revenues generated by this provision are deposited, along with almost all individual income tax receipts, in the General Fund of the Treasury.

A portion of social security and tier I railroad retirement benefits is includible in gross income. An individual is required to include in gross income the lesser of: (1) 50 percent of the individual's social security or tier I railroad retirement benefits; or (2) 50 percent of the individual's modified adjusted gross income above a specified threshold. Modified adjusted gross income is defined as the sum of 50 percent of the individual's social security or tier I railroad retirement benefits plus otherwise calculated adjusted gross income plus certain tax-exempt interest. The threshold amounts are $32,000 for married taxpayers filing joint returns and $25,000 for unmarried taxpayers.

The Secretary of the Treasury is required to estimate the individual income tax liabilities attributable to the payment of social security and tier I railroad retirement benefits. These proceeds are transferred (credited) quarterly to the Old-Age and Survivors Insurance Trust Fund, the Disability Insurance Trust Fund, or the Railroad Retirement Trust Fund, as appropriate.

House bill.—The bill requires the Secretary of Treasury to estimate the individual income tax liabilities attributable to the receipt of unemployment compensation benefits and transfer the proceeds into the Extended Unemployment Compensation Account of the Unemployment Trust Fund.

Effective date: The provision is effective for all unemployment compensation benefits paid after December 31, 1990.

Senate amendment.—No provision.

Conference agreement.—The conference agreement does not include the House bill provision.

9. MODIFICATIONS TO FEDERAL UNEMPLOYMENT ACCOUNTS

Present law.—Ninety percent of Federal unemployment tax revenues flows into the Employment Security Administration Account (ESSA), which funds the administration of the unemployment insurance and employment services. Ten percent flows into the Extended Unemployment Compensation Account (EUCA), which funds the Extended Benefits (EB) and Emergency Unemployment Compensation (EUC) programs. Each account has a ceiling. The excess over the ceiling flows into the Federal Unemployment Account, which provides loans to insolvent State programs. If all three accounts overflow, the excess flows to the State accounts in proportion to their share of total wages paid Nationwide.

House bill.—The provision changes the flow of Federal unemployment tax revenue into the three Federal accounts such that the administration account receives 80 percent and the Extended Unemployment Compensation Account (EUC) receives 20 percent of the annual revenue. Also, it: authorizes interest-free borrowing between accounts; lowers the ceiling in the loan account from 0.625 percent to 0.125 percent of total annual wages; raises the ceiling on the Extended Unemployment Compensation Account (EUC) from 0.375 percent to 0.625 percent of total annual wages; makes the ceiling changes effective in fiscal year 1994; and retains the current law provision that when all three accounts are full, the excess revenue flows back to the States in proportion to their share of total wages Nationwide.

Senate amendment.—No provision.

Conference agreement.—The conference agreement follows the House bill with technical changes in the operations of the trust fund accounts. The ceiling in the EUCA would be 0.5% and the ceiling in the FUA would be 0.25 percent.

10. REQUIREMENTS OF DEPOSITS BY FEDERAL AGENCIES FOR UNEMPLOYMENT BENEFITS

Present law.—No provision.

House bill.—The provision authorizes the Secretary of Treasury to transfer amounts owed to the Federal Employees Compensation Account from amounts otherwise appropriated to such Federal agency if 30 days have passed wince the date on which the Secretary of Labor notified the agency that it was required to deposit such amount.

Senate amendment.—No provision.

Conference agreement.—The conference agreement follows the House bill.

11. REPORT ON ALLOCATION OF ADMINISTRATIVE FUNDS

Present law.—The Emergency Unemployment Compensation Act of 1991 authorized a study of the basic method of allocating funds among States for administration of unemployment insurance. The report is due no later than November 17, 1992.

House bill.—The provision changes the due date of the report to December 31, 1994.

Senate amendment.—No provision.

Conference amendment.—No provision.

Conference agreement.—The conference agreement follows the House bill.

VI. BUDGETARY TREATMENT

1. TREATMENT UNDER PAY-AS-YOU-GO PROCEDURES

Present law.—New entitlement spending for benefits from the unemployment trust fund is subject to the pay-as-you-go requirements of the Balanced Budget and Deficit Control Act of 1985, as amended. Spending for administration is treated as discretionary spending, and is subject to the domestic discretionary spending caps in the Budget Act.

House bill.—The provision states that any new budget authority, outlays or receipts under its provisions shall not be considered for any purpose under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Senate amendment.—No provision.

Conference agreement.—The conference agreement does not follow the House provision.

2. EXEMPTION FROM SEQUESTRATION

Present law.—The Federal half of Federal-State Extended Benefits is subject to sequestration.

House bill.—The provision exempts Emergency Unemployment Compensation from sequestration. The Federal share of Extended Benefits would continue to be subject to sequestration.

Senate amendment.—No provision.

Conference agreement.—The conference agreement does not include the House provision.

VII. TRADE ADJUSTMENT ASSISTANCE FOR WORKERS

Present law.—Workers certified for Trade Adjustment Assistance must have had at least 26 weeks of adversely affected employment in the 52 weeks preceding their layoff in order to qualify for weekly Trade Readjustment Allowances (i.e., cash benefits extension of unemployment compensation). Up to 7 weeks of inactive military duty or active duty military service for training are among the types of non-employment which qualify toward the 26-week minimum.

House bill.—No provision.

Senate amendment.—The provision designates up to 26 weeks of active duty in reserve status to be "weeks of adversely affected employment" for Trade Readjustment Allowance purpose, effective as of August 1990.

Conference agreement.—The conference agreement follows Senate bill.

VIII. Extended the U.S. Commission on Interstate Child Support

Present law.—The report of the Commission on Interstate Child Support is due on May 1, 1992, and the Commission is scheduled to expire on July 1, 1992.

Conference agreement.—The conference agreement extends the date for the Commission's report to August 1, 1992, and the date of expiration of the Commission to September 30, 1992.

From the Committee on Ways and Means, for consideration of the House bill, and the Senate amendment, and modifications committed to conference:

DAN ROSTENKOWSKI,
HAROLD FORD,
THOMAS J. DOWNEY,
BARBARA B. KENNELLY,
MICHAEL A. ANDREWS,
GUY VANDER JAGT,
E. CLAY SHAW, JR.,

As additional conferees from the Committee on Energy and Commerce, for consideration of section 105 of the House bill, and section 104 of the Senate amendment, and modifications committed to conference:

JOHN D. DINGELL,
AL SWIFT,
DENNIS E. ECKART,
JIM SLATTERY,
GERRY SIKORSKI,
NORMAN F. LENT,
DON RITTER,
MATTHEW J. RINALDO,

As additional conferees, from the Committee on Government Operations, for consideration of title VI of the House bill, and modifications committed to conference:

JOHN CONYERS,
BARBARA BOXER,
TOM LANTOS,
BOB WISE,
MIKE SYNAR,

Managers on the Part of the House.

LLOYD BENTSEN,
DANIEL PATRICK MOYNIHAN,
MAX BAUCUS,
BOB PACKWOOD,
BOB DOLE,

Managers on the Part of the Senate.

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to the previous order of the House, I call up the conference report on the bill (H.R. 5260) to extend the Emergency Unemployment Compensation Program, to revise the trigger provisions contained in the extended unemployment compensation program, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 30 minutes, and the gentleman from Texas [Mr. ARCHER] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include therein extraneous material on the conference report on the bill, H.R. 5260, now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of the conference agreement on H.R. 5260, the Unemployment Compensation Amendments of 1992.

This morning, we again received disappointing, but compelling evidence that the recession is not over. The national unemployment rate rose again last month from 7.5 to 7.8 percent. In human terms, unemployment rose by 470,000 individuals last month to nearly 10 million persons, and payroll employment declined by over 100,000 jobs in June.

Given these disturbing economic conditions, I strongly urge the President to sign this conference report. Congress has done its job. If the President does not sign this conference report, the American public will only grow cynical of government and our collective inability to govern. The conference agreement achieves all the major objectives with respect to permanent reform that I believe are appropriate.

I would like now to explain the main features of the conference agreement.

First, the agreement extends the Emergency Unemployment Compensation Program through February 1993. The current emergency program is due to expire this Saturday, July 4.

Second, the agreement permanently reforms the extended benefits program and coordinates these reforms with the phaseout of the Emergency Unemployment Compensation Program next year.

Third, the agreement is fiscally responsible because it is paid for over the 6-year budget period.

Mr. Speaker, most of us support an extension of the Emergency Unemployment Compensation Program through the end of the year, but a few stragglers remain in opposition to permanent reform of the extended benefits program. However, after two temporary extensions of emergency unemployment benefits in the current recession and an urgent need for a third, we all should have gotten the message that something is fundamentally broken in the current system that needs to be permanently fixed.

Let me remind my colleagues of what occurred last year. The House of Representatives passed seven unemployment benefit extension bills, three of which became law. Let us not repeat these political sparring matches. They only add to the public's disgust with legislative gridlock. We should not have to enact three separate, emergency extensions of benefits every time there is a recession. Unemployed Americans and their families deserve better than that.

Mr. Speaker, this conference agreement would spend about $5.4 billion over the next 6 years and is paid for in full with $5.5 billion in revenue. I have today received a letter from Richard Darman, Director of the Office of Management and Budget, which I will include in the RECORD. In this letter, Mr. Darman states that according to the OMB estimates of H.R. 5260, and taking into account available pay-go balances, no sequester would be triggered by the enactment of H.R. 5260. Therefore, he requests that H.R. 5260 not include any direct scorekeeping language or any other type of exemption from the requirements of the Budget Enforcement Act.

Mr. Speaker, the bill is financed by three revenue sources, all of which would improve collections or extend existing provisions of law, not raise new taxes. First, collections of corporate estimated taxes would be accelerated. Second, the current-law phaseout of personal exemptions for upper-income individuals would be extended for 1 year. Third, certain pension plan distributions that are not rolled over directly through a trustee would be subject to withholding. This latter provision was initially contained in the Senate bill, and is included in the conference report at the urging of the Senate conferees.

Mr. Speaker, this conference agreement is a good compromise between the House bill and the Senate amendment. It provides needed benefits to millions of unemployed Americans or extends existing provisions without raising new taxes. In light of the sharp increase in the unemployment rate today, I strongly urge the President and all my colleagues to join me in strong support of this vital legislation.

Mr. Speaker, I include the following letter from Richard Darman:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, July 2, 1992.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This is to inform you that, according to our estimates of H.R. 5260,

and taking into account available pay-go balances, no sequester would be triggered by enactment of H.R. 5260. Therefore, I respectfully request that H.R. 5260 not include any directed scorekeeping language or any other type of exemption from the requirements of the Budget Enforcement Act.

Thank you.

With best regards.

RICHARD DARMAN,
Director.

□ 1450

Mr. Speaker, I reserve the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have no doubt that today the Congress will pass, and the President will sign into law, this conference report on unemployment compensation.

However, let me for a moment voice some concerns about the conference agreement we are about to adopt. This is the third time within the past year that we will override the current unemployment compensation system to rush emergency benefits to the long-term unemployed. Our past two efforts will cost taxpayers about $7.8 billion. The conference report before us today will add an additional $5.6 billion through the next 5 years. This is all on top of a system that without any of this additional legislation will spend over $26 billion on regular unemployment benefits this year.

I am fully aware that this recession has been very difficult for many who lost their jobs and who still are without work. The unemployment rate for June, announced today, rose to 7.8 percent. While the needs of the unemployed are urgent, I wonder if their prospects would not be better right now if over the last year we would have put as much effort into enacting legislation to create jobs and expand our economy, as we did into financing unemployment benefits. It is nice to give benefits, but each dollar spent on benefits is a dollar taken away from job creation. I strongly believe it is job creation that should be our foremost policy goal for the unemployed.

In addition to extending the Emergency Unemployment Compensation Program this bill reforms the permanent structure of the extended benefits program. This recession has shown us that we need to examine better ways to help the long-term unemployed. I am disappointed, however, that in the name of reform we simply have decided to expand our current system. Republican members of the Ways and Means Committee have urged looking into reforms that would provide greater long-term coverage financed by a delay of initial benefits. I believe reforms of this sort, which do not require tax increases, should be given careful consideration.

Instead, we will adopt today extended benefits changes that simply will make benefits easier to get. The price we pay for this is higher taxes that will steal from economic growth.

Let me make a few comments about the financing provisions of this bill.

The bill extends for 1 year, through 1996, a provision adopted in 1990 that phases out the personal exemptions claimed on a tax return as the income of the taxpayer exceeds certain specified levels. The current-law personal exemption of $2,300 is appropriately factored into the Federal tax calculation in determining a taxpayer's ability to pay tax. The personal exemption should be allowed in full, and to extend this unfortunate mistake of the 1990 Budget Act would simply compound the error made 2 years ago.

I note, with significant concern, that the newly mandated pension withholding provisions, at an increased 20 percent rate, could have the effect of depleting retirement savings. Someone receiving a distribution will be able to do a complete rollover only if they can come up with other cash equal to the amount withheld by the Government. For many that will be difficult, if not impossible. While the withholding tax can be avoided through a trustee-to-trustee transfer, the bill specifically indicates that such transfers need not be made available to taxpayers. Moreover, I believe this new provision—which is, in reality, nothing more than an accounting gimmick to speed up revenues—could cause serious administrative problems for plan administrators, pension participants, and the IRS.

The corporate estimated tax threshold increase is another speedup accounting gimmick. We now will penalize corporations that don't hit a 97 percent target. Let me just remind the Members that a year ago we had a 90 percent target. We then went to 95 percent. Today it's 97 percent. Lest the Members think that there is a logical limit of 100 percent on estimated taxes so that we won't have this issue to worry about much longer, it is my sad duty to say that for individuals the Ways and Means Committee recently adopted a 115 percent safe harbor. When will it end?

I may be a lone voice of dissent on this conference report, but I am highly concerned about the revenue provisions of this bill. We do need a strong policy for the unemployed, but its focus should be to expand employment, something which is not done by raising taxes.

□ 1500

Mr. Speaker, I reserve the balance of my time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. DOWNEY], the subcommittee chairman.

Mr. DOWNEY. Mr. Speaker, the President of the United States is going to sign this unemployment bill for two reasons: Unemployment is up, and his popularity is down.

It is unfortunate that we have had to do three extensions of unemployment in 8 months, but this is the most satisfying for the gentleman from Ohio [Mr. PEASE] who is retiring, the gentleman from Michigan [Mr. LEVIN] who has worked on this, along with myself, for the last 3 years.

There are very good reasons beyond just the temporary extension, which is desperately needed, for Members to support this legislation.

Mr. Speaker, the reason we have had to be here is because the trigger mechanisms that currently exist in law do not work. The levels of unemployment in the various States have to be so high as to be unrealistic before the existing trigger mechanisms will trigger extended benefits. That is just a complicated way of saying that, when the law was changed last time in 1981, it was done to make sure that fewer people were eligible for unemployment.

Mr. Speaker, we undo that. We take the measure of the total unemployment rate, which is a far more accurate and realistic measure of unemployment in a State, provide a State option for its triggering, and that will be the future way in which unemployment benefits will be triggered.

The second thing that is important: We also change the mechanism for the extension of benefits. Not only is there a 13-week automatic trigger, but, if unemployment is especially high in a State, it can go as high as 20 weeks so we will not have to in the future recessions, my colleagues, continue to amend and change the law in order to provide the benefits for people who richly need and deserve them.

Second, under existing law there are job search requirements for the first 26 weeks which say, "When you claim eligibility for unemployment, you must meet these requirements, but, when you trigger on for the extended benefits, you need to go through a whole new range of requirements." We eliminate that. We try to make sure that the same job search requirements, which are essentially about dignity for people, people who are on unemployment; the vast majority of them want to work, and they do not want to be simply on unemployment; we have fashioned a realistic requirement for them to look for jobs.

Lastly, Mr. Speaker, we provide in the temporary extension benefits to people like the workers from PanAm who were laid off, or other aerospace workers in Long Island who have been laid off, or all across the country, 20 to 26 additional weeks of benefits. As I said, most people who are unemployed hate being there. They want to work. They do not like showing up at unemployment offices for checks. Their essential dignity is robbed from them when they are out of work, but until

there is work we need to provide the resources so that they can pay the rent, feed their families, pay mortgages, if necessary, and keep life and limb together. Without these weeks of unemployment benefits, Mr. Speaker, families would be in very serious trouble.

Our committee, the Committee on Ways and Means, this Congress, has responded to this crisis three times in the last 6 months. I hope and pray this is the last one, but I also, Mr. Speaker, will urge the President to recognize the plight of ordinary Americans as he contemplates signing this legislation. He has been reluctant to do so in the past, especially reluctant because of the permanent changes made here, and I would say to him, Mr. Speaker, "Please, Mr. President, put aside these concerns. Recognize the need in this land. We are approaching the Fourth of July, Independence Day. Let's make sure that a holiday, not just for the people who are working, but also for the people who are looking for work and who need our help."

Mr. ARCHER. Mr. Speaker, I yield 4 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a respected member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in support of this legislation and commend the President of the United States, George Bush, for being a true ally of the unemployed. President Bush will have, with this bill, signed three bills to provide extended benefits for those who are suffering the consequences of this long downturn. His understanding of their need is keen. But his commitment to their well-being is deep. The $1 billion he vetoed was a billion that provided, yes, new benefits, but no new funding, and our President understood that to give benefits without the means to pay for them is to heap on our children the debt that is going to destroy them if this Congress cannot get hold of itself.

Mr. Speaker, it is only because of the President's pressure that I can now vote yes on a bill that a few short weeks ago I voted no on, because when this bill came before the Congress last time, it was not funded year by year. It increased that deficit that we keep burdening our children with. Yes, it brought some new money in in years four and five, but after it already spent the money on benefits in year one and two. This is a responsible extended benefits bill because it gives the benefits to people who desperately need them, but it pays for those benefits in the years the money is spent, and I am proud to support it for that reason, and I am proud that my President has the courage to veto the unfunded benefit bill of some time ago and to threaten that action to the irresponsible bill that passed this House some weeks ago.

But I am pleased to support this bill for another reason. This bill does not include a feature that was in the bill some weeks ago when it passed the House that would have increased the wage base on which we levied the tax for unemployment compensation. I opposed that feature because areas of the country like my State, Connecticut, and the Northeast, a high cost of living State, and, yes, a higher than average wage State, would have ended up being really socked by that increase in taxable wage base, and it would have put us at yet another disadvantage in competing with States in other regions of the United States.

So, I am delighted that this bill does not include that provision, but I regret that the concept of reform embodied in this bill is extraordinarily narrow and hostile to the anguish that I see people facing every day of their lives out there, those people who have been on extended benefits and who need these benefits extended. They literally begged me to give them the right to withdraw penalty-free savings that they had in their IRAs and their 401(k) plans. Because so many people mid-career are suffering long-term unemployment; they have kids in college, they have mortgage payments, and after a year and a half of unemployment there are no resources; all they were asking was the right to withdraw their own savings penalty free, and the penalties are steep. I regret that I was turned down by my own committee to allow them that courtesy.

I also regret that I was turned down in my effort to gain for them the right to work half-time without it reducing their unemployment benefit stipend. While I understand the States have that right now, we should have forced their hand to allow these people to work part time in an economy that offers very few options for full-time employment that would support a family.

Nonetheless, though this measure is not adequate to the needs of our people, it does meet the critical need to extend benefits without a break. This will assure folks that certainty, and for that reason I support the bill and urge my colleagues to do likewise.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, I rise today to express strong support for the conference report on the Unemployment Compensation Amendments of 1992.

The June unemployment statistics for the country were released today: Once again, the situation is not good. Unemployment rose by three-tenths of 1 percent for the second month in a row, bringing the Nation to 7.8 percent unemployment. That is the highest it has been in over 8 years. Nearly 10 million people are looking for work. We lost 117,000 jobs last month, mostly in the construction and manufacturing industries. Mr. Speaker, the recession is not over.

This is not the first time my colleagues and I have come to the floor to state the obvious. In fact, this is the third time in 8 months that we have come here to pass a conference report to provide emergency unemployment compensation. This bill would provide up to 33 weeks of benefits for workers who have exhausted regular State benefits. These are crucial benefits for the long-term unemployed across the country.

But Mr. Speaker, the bill before us is more than just an extension of vital Federal emergency benefits. It also repairs the extended benefit system so that in times of crisis, unemployed workers will not have to wait for Congress and the administration to agree on the problem. Extended benefits will automatically be available to the long-term unemployed when a State comes on tough economic times.

Mr. Speaker, we must help the long-term unemployed workers of America who have fallen victim to the recession. Fixing the Extended Benefit Program permanently is long overdue. I urge my colleagues to support the conference report.

□ 1510

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MCGRATH], a member of the Committee on Ways and Means.

Mr. MCGRATH. Mr. Speaker, I rise in support of the conference report. I would like to congratulate the chairman and subcommittee chairman, as well as the ranking member, for their earnest work in providing us with this conference report which will extend unemployment benefits through March 1993.

Mr. Speaker, let me say that during the debate on this issue in the Committee on Ways and Means, I came up with a revolutionary idea, and that idea was to pay for the extension of these benefits through the fund from which these benefits were intended to be paid for, the unemployment insurance trust fund.

Right now in this bill and other bills that we have passed in the past few months we have been financing these benefits through either the individual side or the corporate side of the tax ledger. It is high time that we start paying for these benefits through the unemployment insurance trust fund as it was meant to be.

I had the temerity to offer a financing mechanism for a temporary extension which would have indexed the wage base from the present day figure of $7,000 over a 5-year period, which would have brought it up to $8,300, which would have completely financed the extension of these benefits. Until and unless we start financing the benefits from the fund which people have participated in all of these years, we will not have done our job.

So while I applaud this temporary extension of extended benefits, let me say our job is not done until we take a look at the whole issue and start financing this issue out of the unemployment insurance trust fund.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in very strong support of this conference report. The gentleman from Illinois [Mr. ROSTENKOWSKI] deserves the credit of this Chamber and this entire body for his really indefatigable efforts in behalf of the unemployed of America. I think he not only stands for their interim benefits and their emergency benefits as embodied in the bill before us, H.R. 5260, but in the more long range effort to create jobs in America.

Mr. Speaker, the gentleman from Illinois [Mr. ROSTENKOWSKI] will have a bill coming up later today, and he has other irons in the fire, which create jobs for people. So I want to salute the gentleman for not only taking care of those who are unemployed, but getting down to the root cause of the problem, to create jobs in America, and in Louisville and Jefferson County, KY.

Mr. Speaker, I rise in strong support of this bill and the work the gentleman from Illinois [Mr. ROSTENKOWSKI] is doing.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. SANTORUM]

Mr. SANTORUM. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I want to congratulate the gentleman from Illinois [Mr. ROSTENKOWSKI] and the gentleman from Texas [Mr. ARCHER] for working together to solve this. I spoke on this bill the last time it was here and I spoke with more than a little bit of outrage as to what I thought was going to happen, which was just another farce of passing a bill that was not paid for that was going to be delayed at the expense of what I saw as suffering people, especially in my district, which has a very high unemployment rate.

Mr. Speaker, I want to congratulate the gentlemen for putting politics aside and putting the pointing of fingers aside and coming to the floor with a responsible bill that is paid for, that does not again try to throw on future generations the problems of today. We have done that enough in this body.

Mr. Speaker, I want to commend both gentlemen for doing that. I rise in support of the measure.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. FOGLIETTA].

Mr. FOGLIETTA. Mr. Speaker, today I rise, first of all, to thank the gentleman from Illinois [Mr. ROSTENKOWSKI] for working so hard and showing the leadership and helping the plight of the American workers.

Mr. Speaker, I also rise to express my support for this conference report, which will extend unemployment benefits to American workers and their families.

The economy sinks deeper and deeper into a slump. Unemployment has reached its highest level in 8 years. And for many unemployed Americans and their families, there is no end in sight.

These are hard-working Americans with families to feed and mortgages to pay. These aren't people who are looking for a handout—they want to work. These Americans desperately need the help of their unemployment checks to keep their families afloat.

However, I am disturbed that this bill doesn't bring help to some categories of unemployed Americans who also need help. For some, July 4, when unemployment runs out for millions, it will not be a day for fireworks. It will be a sad day for family meetings to discuss how to pay the mortgage and how to buy groceries. That's no way to enter this holiday season.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, first I would like to thank the gentleman from Illinois [Mr. ROSTENKOWSKI] for the time and leadership on this issue. As always, the gentleman is right on the mark.

Second, I would like to commend the gentleman from New York [Mr. DOWNEY], the chairman of the Subcommittee on Human Resources, who has fought this issue through the Congress several times now in the last 2 years, and without whose tenacity we would probably not be here today announcing to America and to the unemployed workers that they will have an opportunity to get extended benefits. Chairman DOWNEY deserves much, much credit for this bill.

Mr. Speaker, it was 10 years ago this year that I first introduced a bill to try to reform the unemployment compensation system on a permanent basis so we did not always have to rush in during periods of high unemployment, during a recession, and pass emergency stopgap legislation.

This bill, after 10 years of my efforts, does contain permanent reform and it does contain the opportunity for States to get additional weeks of benefits for their workers without further Federal action.

This is not all that I had hoped for. One seldom does get all one hopes for in this body. But it is a significant step forward in rationalizing our unemployment compensation system and making sure that when States encounter periods of high unemployment, they get the assistance, that is, the workers get the assistance when they need it, not several months after they have already exhausted their benefits.

Mr. Speaker, this is a good conference report, and I urge the House to support it.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN of Michigan. Mr. Speaker, the gentleman from Ohio [Mr. PEASE] has rightfully paid tribute to our chairman, the gentleman from Illinois [Mr. ROSTENKOWSKI], who has been adamant that we take action.

□ 1520

He has also paid tribute to the gentleman from New York [Mr. DOWNEY], who deserves the plaudits. He has been equally stubborn and very imaginative.

I would like to pay tribute, however, to one person that the gentleman from Ohio [Mr. PEASE] did not pay tribute to, and that is to the gentleman from Ohio [Mr. PEASE]. For a number of years he has been issuing the clarion call, "Reform the unemployment system, the extended benefits system, before we get into a deep rut." We did not do that. We got into a deep rut. We were not ready. Tens of thousands of people suffered.

A few years ago the gentleman from New York [Mr. DOWNEY], the gentleman from Ohio [Mr. PEASE], and I essentially reintroduced a bill to make permanent changes. Again, nothing happened, and again thousands paid a price.

This bill extends benefits. It also takes a step, an important step, toward permanent change in the extended benefit structure, so in the future hopefully thousands of people, laid off through no fault of their own, will not simply be thrown not only into the streets but onto them without any financial underpinning.

I am proud to rise with the gentleman from Illinois [Mr. ROSTENKOWSKI], the gentleman from New York [Mr. DOWNEY], and the gentleman from Ohio [Mr. PEASE], people who have worked so hard to say at long last there is a breakthrough. At long last there will be some permanent change. At long last we can look the unemployed straight in the eye and say we not only went through the motions but we did something.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. SHAW], a member of the Committee on Ways and Means.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, once again we find ourselves in a situation of having to extend the unemployment benefits, something that none of us really anticipated we would have to do, unfortunately. When we come out of a recession, the last number to improve, and that is the cruelest number of all, is the unemployment number. I think we need at this point to look and see and recognize what can be accomplished for the

greatest good when the two parties, the administration and the Congress, cooperate and Democrats and Republicans can come together in this particular manner.

I want to compliment both George Bush, the gentleman from Texas [Mr. ARCHER], and of course the gentleman from Illinois [Mr. ROSTENKOWSKI] for putting together an earnest bill that they know the President will accept. This is a bill that is finally put in a situation where we are getting out of politics, we are out there trying to help the unemployed, trying to assist them to get back on their feet and to be able to hold their families and their homes together.

I would like to compliment all those involved in being able to work this out. It shows that the greater purpose is to do good and to create better conditions for the people we represent.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. CONYERS], the chairman of the Committee on Government Operations.

Mr. CONYERS. Mr. Speaker, I have to change my remarks now, because we had a protracted struggle with the President, who finally relented and allowed us to provide emergency unemployment compensation to the jobless. I was afraid that the President would deny the desperately needed assistance to the unemployed, and that they would have to answer to the American people. Maybe I am being pessimistic, too pessimistic. I am going to hope now, and urge the President and everybody on this side to tell the President to sign this bill.

We have the highest unemployment in 8 years. Among African-Americans, the unemployment rate in the United States is 14.9 percent. I beg the Members to use their common sense, their excellent skill, Republican Congressmen, and urge President Bush to sign this bill without delay.

Mr. FAZIO. Mr. Speaker, I rise in support of the conference report for H.R. 5260, the Unemployment Compensation Extension and Reform Act.

Unemployment benefits for millions of Americans are scheduled to expire this weekend, and our national unemployment rate has just jumped to 7.8 percent, the highest level in over 8 years. In May, we had 9.5 million American workers looking for jobs but unable to find them, and now they number 10 million. In spite of the fact that we are being told that the economy is slowly improving, our unemployment picture is worse. Millions of graduates of our high schools, colleges, and universities have just entered the job market, adding to those already searching for work. But there just are not enough jobs for the people who want them.

In California, the unemployment rate rose to 9.5 percent in June, up from 8.7 percent in May. Californians have lost 500,000 jobs in the last 2 years, almost a third of the Nation's total. There are about 1 million Californians who want, but cannot find, work.

This bill, Congress' fifth attempt to extend unemployment benefits to out-of-work Americans, will help lighten the burden for millions of American workers who are still unable to find jobs in the midst of this recession. The President blocked our first two attempts but, last fall, we were finally successful in passing a bill that provided an additional 13 or 20 weeks of unemployment compensation benefits to more than 1 million unemployed Americans who had exhausted their benefits since the beginning of the year. Then, in January, we again extended these benefits by another 13 weeks, providing a total of 33 weeks of extended benefits to high unemployment States—like California—and 26 weeks of benefits in other States.

H.R. 5260 will extend the current emergency program and make permanent improvements in the entire extended benefits system. H.R. 5260 will reform the whole process so that we do not have to go through this exercise each time American workers need help. If H.R. 5260 passes, it will be harder for future Presidents to ignore the needs of thousands of American workers by blocking their extended benefits during economic downturns.

I urge my colleagues on both sides of the aisle to support this critical piece of legislation. With so many people out of work, we have a responsibility to act quickly and decisively if we are to give them the assistance they need and deserve.

Mr. STOKES. Mr. Speaker, I rise today in strong support of the conference report to accompany H.R. 5260, the Unemployment Compensation Extension and Reform Act. This legislation is absolutely vital to the millions of American men and women who have become victims of the current recession brought on by a dozen years of Reagan-Bush economic policies. I also want to commend Chairman ROSTENKOWSKI and all the House conferees, who worked long hours to reach agreement with the Senate, and bring this legislation to the floor before the expiration of the current Emergency Benefits Program.

On June 9, when the House first passed this legislation, we had just learned from the Department of Labor that 2.2 million payroll jobs were lost in the United States between June 1990 and January 1992. This number is 32 percent higher than previous administration estimates of job losses in the current recession. In other words, the administration has reported to the American people job loss numbers due to the recession that are one-third lower than the true number of jobs lost in the recession. This report was followed the next day by the Department of Labor's release of the national unemployment figures for the month of May. The unemployment rate in May jumped to 7.5 percent from 7.2 percent in April.

Now, Mr. Speaker, not quite 1 month later, we find that the national unemployment rate, released this morning by the Labor Department, shows another dramatic increase, from 7.5 percent in May to 7.8 percent for the month of June. This is the highest unemployment rate since March 1984, and it represents a full percentage point increase in the last 6 months.

The steadily growing unemployment rate totally invalidates the Bush administration's contention that the recession has ended, that it was a mild recession, and that the economy is now growing. Clearly the recession has been much deeper and more damaging than the President would like to admit, and the dim hope of economic recovery before the November election that President Bush clings to is rapidly fading.

We cannot afford to wait any longer to extend the emergency unemployment benefits program for out-of-work Americans. It is equally as important that we enact permanent changes to the extended benefits program, so as to avoid this charade of repeatedly extending the emergency benefits program every few months because the system is flawed, and simply does not provide the benefits it is designed to provide.

I urge all of my colleagues, on both sides of the aisle, to join in supporting H.R. 5260, and provide our hard-working American men and women the benefits that they need to keep their homes and families together.

Mr. FORD of Michigan. Mr. Speaker, I rise today in strong support of the conference report on H.R. 5260, legislation to extend and reform our Nation's unemployment benefits system.

Today, all across our Nation, millions of Americans are preparing to celebrate the Fourth of July weekend with their families. For many Americans, however, this holiday, like so many before, will hold no reason for celebration, only the continued fear and economic insecurity of an impending expiration of their unemployment benefits.

Mr. Speaker, I wish George Bush understood what unemployed workers and their families in my district have been experiencing. It is obvious he does not. When the President jetted into Michigan last week to host a $1,000 a plate fundraiser, he again criticized this Congress for our country's economic problems and criticized the media for not reporting the great recovery underway in our country. If Mr. Bush had bothered to travel outside his circle of political supporters and fat cat friends, he would have seen the true picture of what is happening in Michigan and in this Nation. The President would have seen people who have worked every day of their lives unable to find even temporary employment and unable to provide for their families. He would have seen single mothers struggling to keep the electricity from being turned off. He would have seen two-income couples trying to make ends meet on one paycheck for yet another month. Most of all he would have seen fear in people's faces—people afraid of their benefits being shut off, afraid of another call from the bill collectors, and afraid most of all that there is no end in sight.

Despite the President's rosy predictions that the economy is getting better, unemployment in the United States rose to 7.8 percent in the month of June, its highest level in 8 years—its highest level since March 1984. The statistics in my State were equally grim. June figures show that the jobless rate in Michigan rose to 8.8 percent—that is, 404,000 people who are still out of work in the face of the Bush recovery.

Mr. Speaker, the President is out of touch. Millions of Americans need our help. I strongly urge my colleagues to support this conference report.

Mr. ARCHER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ROSTENKOWSKI. Mr. Speaker, I have no further requests for time. I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. LANCASTER). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appear to have it.

Mr. ROSTENKOWSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 396, nays 23, not voting 15, as follows:

[Roll No. 267]

YEAS—396

Abercrombie	de la Garza	Hancock
Ackerman	DeFazio	Harris
Alexander	DeLauro	Hastert
Anderson	Dellums	Hatcher
Andrews (ME)	Derrick	Hayes (IL)
Andrews (NJ)	Dickinson	Hayes (LA)
Andrews (TX)	Dicks	Hefley
Annunzio	Dingell	Henry
Anthony	Dixon	Herger
Applegate	Donnelly	Hertel
Aspin	Dooley	Hoagland
Atkins	Dorgan (ND)	Hobson
AuCoin	Dornan (CA)	Hochbrueckner
Bacchus	Downey	Holloway
Baker	Durbin	Horn
Ballenger	Dwyer	Horton
Barrett	Early	Houghton
Bellenson	Eckart	Hoyer
Bennett	Edwards (OK)	Hubbard
Bentley	Edwards (TX)	Huckaby
Bereuter	Emerson	Hughes
Berman	Engel	Hunter
Bevill	English	Hutto
Bilbray	Erdreich	Hyde
Bilirakis	Espy	Inhofe
Blackwell	Evans	Ireland
Bliley	Ewing	Jacobs
Boehlert	Fascell	James
Boehner	Fawell	Jefferson
Borski	Fazio	Jenkins
Boucher	Feighan	Johnson (CT)
Boxer	Fields	Johnson (SD)
Brewster	Fish	Johnson (TX)
Brooks	Flake	Johnston
Browder	Foglietta	Jones (GA)
Brown	Ford (MI)	Jones (NC)
Bruce	Ford (TN)	Jontz
Bryant	Frank (MA)	Kanjorski
Bunning	Franks (CT)	Kaptur
Byron	Frost	Kasich
Callahan	Gallegly	Kennedy
Camp	Gallo	Kennelly
Campbell (CA)	Gaydos	Kildee
Cardin	Gejdenson	Kleczka
Carper	Gekas	Klug
Carr	Gephardt	Kolbe
Chandler	Geren	Kolter
Chapman	Gibbons	Kopetski
Clay	Gilchrest	Kostmayer
Clement	Gillmor	Kyl
Clinger	Gilman	LaFalce
Coleman (MO)	Gingrich	Lagomarsino
Collins (MI)	Glickman	Lancaster
Condit	Gonzalez	Lantos
Conyers	Goodling	LaRocco
Cooper	Gordon	Laughlin
Costello	Goss	Leach
Coughlin	Gradison	Lehman (CA)
Cox (CA)	Grandy	Lehman (FL)
Cox (IL)	Green	Lent
Coyne	Guarini	Levin (MI)
Cramer	Gunderson	Levine (CA)
Cunningham	Hall (OH)	Lewis (CA)
Darden	Hall (TX)	Lewis (FL)
Davis	Hamilton	Lewis (GA)
Lightfoot	Parker	Sisisky
Lipinski	Pastor	Skaggs
Livingston	Patterson	Skeen
Lloyd	Paxon	Skelton
Lowery (CA)	Payne (NJ)	Slattery
Lowey (NY)	Payne (VA)	Slaughter
Luken	Pease	Smith (IA)
Machtley	Pelosi	Smith (NJ)
Manton	Penny	Smith (OR)
Markey	Perkins	Smith (TX)
Marlenee	Peterson (FL)	Snowe
Martin	Peterson (MN)	Solarz
Martinez	Petri	Solomon
Matsui	Pickett	Spence
Mavroules	Pickle	Spratt
Mazzoli	Porter	Staggers
McCandless	Poshard	Stallings
McCloskey	Price	Stark
McCollum	Pursell	Stearns
McCrery	Quillen	Stenholm
McCurdy	Rahall	Stokes
McDade	Ramstad	Studds
McDermott	Rangel	Sundquist
McEwen	Ravenel	Swett
McGrath	Ray	Swift
McHugh	Reed	Synar
McMillan (NC)	Regula	Tallon
McMillen (MD)	Rhodes	Tanner
McNulty	Richardson	Tauzin
Meyers	Ridge	Taylor (MS)
Mfume	Riggs	Taylor (NC)
Michel	Rinaldo	Thomas (CA)
Miller (CA)	Ritter	Thomas (WY)
Miller (OH)	Roberts	Thornton
Miller (WA)	Roe	Torres
Mineta	Roemer	Torricelli
Mink	Rogers	Towns
Moakley	Rohrabacher	Traficant
Molinari	Ros-Lehtinen	Unsoeld
Mollohan	Rose	Upton
Montgomery	Rostenkowski	Vento
Moody	Roth	Visclosky
Moorhead	Roukema	Volkmer
Moran	Rowland	Vucanovich
Morella	Roybal	Walker
Morrison	Russo	Walsh
Mrazek	Sabo	Washington
Murphy	Sanders	Waters
Murtha	Sangmeister	Waxman
Myers	Santorum	Weber
Nagle	Sarpalius	Weiss
Natcher	Savage	Weldon
Neal (MA)	Sawyer	Wheat
Neal (NC)	Saxton	Whitten
Nowak	Schaefer	Williams
Oakar	Scheuer	Wilson
Oberstar	Schiff	Wise
Obey	Schroeder	Wolf
Olin	Schulze	Wolpe
Olver	Schumer	Wyden
Ortiz	Sensenbrenner	Wylie
Orton	Serrano	Yates
Owens (NY)	Sharp	Yatron
Owens (UT)	Shaw	Young (AK)
Oxley	Shays	Young (FL)
Pallone	Shuster	Zeliff
Panetta	Sikorski	Zimmer

NAYS—23

Allard	Crane	Hopkins
Allen	Dannemeyer	Long
Archer	DeLay	Nichols
Armey	Doolittle	Nussle
Barton	Dreier	Packard
Burton	Duncan	Stump
Coble	Hammerschmidt	Valentine
Combest	Hansen	

NOT VOTING—15

Barnard	Campbell (CO)	Hefner
Bateman	Coleman (TX)	Smith (FL)
Bonior	Collins (IL)	Thomas (GA)
Broomfield	Dymally	Traxler
Bustamante	Edwards (CA)	Vander Jagt

□ 1546

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. BATEMAN. On rollcall 267, I was late getting here as a result of having to go for radiation treatment during the session of the House because of the radiation equipment malfunctioning this morning. Had I been present I would have voted "aye."

REVENUE ACT OF 1992

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 11) to amend the Internal Revenue Code of 1986 to provide tax incentives for the establishment of tax enterprise zones, and for other purposes, as amended.

The Clerk read as follows:

H.R. 11

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Revenue Act of 1992".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amedment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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TITLE I—PROVISIONS RELATING TO DISTRESSED URBAN AND RURAL AREAS

Subtitle A—Urban Tax Enterprise Zones and Rural Development Investment Zones

SEC. 1101. STATEMENT OF PURPOSE.

It is the purpose of this subtitle to establish a demonstration program of providing incentives for the creation of tax enterprise zones in order—

(1) to revitalize economically and physically distressed areas, primarily by encouraging the formation of new businesses and the retention and expansion of existing businesses,

(2) to promote meaningful employment for tax enterprise zone residents, and

(3) to encourage individuals to reside in the tax enterprise zones in which they are employed.

PART I—DESIGNATION AND TAX INCENTIVES

SEC. 1102. DESIGNATION AND TREATMENT OF URBAN TAX ENTERPRISE ZONES AND RURAL DEVELOPMENT INVESTMENT ZONES.

(a) IN GENERAL.—Chapter 1 (relating to normal taxes and surtaxes) is amended by inserting after subchapter T the following new subchapter:

"Subchapter U—Designation and Treatment of Tax Enterprise Zones

"Part I. Designation of tax enterprise zones.
"Part II. Incentives for tax enterprise zones.

"PART I—DESIGNATION OF TAX ENTERPRISE ZONES

"Sec. 1391. Designation procedure.
"Sec. 1392. Eligibility and selection criteria.
"Sec. 1393. Definitions and special rules.

"SEC. 1391. DESIGNATION PROCEDURE.

"(a) IN GENERAL.—For purposes of this title, the term 'tax enterprise zone' means any area which is, under this part—

"(1) nominated by 1 or more local governments and the State in which it is located for designation as a tax enterprise zone, and

"(2) designated by—

"(A) the Secretary of Housing and Urban Development in the case of an urban tax enterprise zone, and

"(B) the Secretary of Agriculture, in consultation with the Secretary of Commerce, in the case of a rural development investment zone.

"(b) NUMBER OF DESIGNATIONS.—

"(1) AGGREGATE LIMIT.—The appropriate Secretaries may designate in the aggregate 50 nominated areas as tax enterprise zones under this section, subject to the availability of eligible nominated areas. Not more than 25 urban tax enterprise zones may be designated and not more than 25 rural development investment zones may be designated. At least 1 of the designated rural development investment zones shall be on an Indian reservation. Such designations may be made only during calendar years after 1991 and before 1997.

"(2) ANNUAL LIMITS.—

"(A) URBAN TAX ENTERPRISE ZONES.—The number of urban tax enterprise zones designated under paragraph (1)—

"(i) before 1994 shall not exceed 8,

"(ii) before 1995 shall not exceed 15, and

"(iii) before 1996 shall not exceed 21.

"(B) RURAL DEVELOPMENT INVESTMENT ZONES.—The number of rural development investment zones designated under paragraph (1)—

"(i) before 1994 shall not exceed 8,

"(ii) before 1995 shall not exceed 15, and

"(iii) before 1996 shall not exceed 21.

"(3) ADVANCE DESIGNATIONS PERMITTED.—For purposes of this subchapter, a designation during any calendar year shall be treated as made on January 1 of the following calendar year if the appropriate Secretary, in making such designation, specifies that such designation is effective as of such January 1.

"(c) LIMITATIONS ON DESIGNATIONS.—The appropriate Secretary may not make any designation under subsection (a) unless—

"(1) the local governments and the State in which the nominated area is located have the authority—

"(A) to nominate the area for designation as a tax enterprise zone, and

"(B) to provide assurances satisfactory to the appropriate Secretary that the commitments under section 1392(c) will be fulfilled,

"(2) the local governments and the State in which the nominated area is located—

"(A) have designated a local governmental official with responsibility for making allocations of the enterprise zone limit under section 1396 (relating to deduction for enterprise zone stock), and

"(B) have established procedures to ensure that allocations under section 1396 are made in a manner designed primarily to increase economic activity in the tax enterprise zone over that which would otherwise have occurred,

"(3) a nomination of the area is submitted within a reasonable time before the calendar year for which designation as a tax enterprise zone is sought (or, if later, a reasonable time after the date of the enactment of this subchapter),

"(4) the appropriate Secretary determines that any information furnished is reasonably accurate, and

"(5) the State and local governments certify that no portion of the area nominated is already included in a tax enterprise zone or in an area otherwise nominated to be a tax enterprise zone.

"(d) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(1) IN GENERAL.—Any designation of an area as a tax enterprise zone shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

"(A) December 31 of the 15th calendar year following the calendar year in which such date occurs,

"(B) the termination date designated by the State and local governments as provided for in their nomination, or

"(C) the date the appropriate Secretary revokes the designation under paragraph (2).

"(2) REVOCATION OF DESIGNATION.—

"(A) IN GENERAL.—The appropriate Secretary shall revoke the designation of an area as a tax enterprise zone if such Secretary determines that the local government or the State in which it is located—

"(i) has modified the boundaries of the area, or

"(ii) is not complying substantially with the State and local commitments pursuant to section 1392(c).

"(B) APPLICABLE PROCEDURES.—A designation may be revoked by the appropriate Secretary under subparagraph (A) only after a hearing on the record involving officials of the State or local government involved.

"SEC. 1392. ELIGIBILITY AND SELECTION CRITERIA.

"(a) IN GENERAL.—The appropriate Secretary may make a designation of any nominated area under section 1391 only on the basis of the eligibility and selection criteria set forth in this section.

"(b) ELIGIBILITY CRITERIA.—

"(1) URBAN TAX ENTERPRISE ZONES.—A nominated area which is not a rural area shall be eligible for designation under section 1391 only if it meets the following criteria:

"(A) POPULATION.—The nominated area has a population (as determined by the most recent census data available) of not less than 4,000.

"(B) DISTRESS.—The nominated area is one of pervasive poverty, unemployment, and general distress.

"(C) SIZE.—The nominated area—

"(i) does not exceed 20 square miles,

"(ii) has a boundary which is continuous, or consists of not more than 3 noncontiguous parcels within the same metropolitan area,

"(iii) is located entirely within 1 State, and

"(iv) does not include any portion of a central business district (as such term is used for purposes of the most recent Census of Retail Trade).

"(D) UNEMPLOYMENT RATE.—The unemployment rate (as determined by the appropriate available data) is not less than 1.5 times the national unemployment rate.

"(E) POVERTY RATE.—The poverty rate (as determined by the most recent census data available) for not less than 90 percent of the population census tracts (or where not tracted, the equivalent county divisions as defined by the Bureau of the Census for the purposes of defining poverty areas) within the nominated area is not less than 20 percent.

"(F) COURSE OF ACTION.—There has been adopted for the nominated area a course of action which meets the requirements of subsection (c).

"(2) RURAL DEVELOPMENT INVESTMENT ZONES.—A nominated area which is a rural area shall be eligible for designation under section 1391 only if it meets the following criteria:

"(A) POPULATION.—The nominated area has a population (as determined by the most recent census data available) of not less than 1,000.

"(B) DISTRESS.—The nominated area is one of general distress.

"(C) SIZE.—The nominated area—

"(i) does not exceed 10,000 square miles,

"(ii) consists of areas within not more than 4 contiguous counties,

"(iii) has a boundary which is continuous, or consists of not more than 3 noncontiguous parcels, and

"(iv) except in the case of nominated areas located in 1 or more Indian reservations, is located entirely within 1 State.

"(D) ADDITIONAL CRITERIA.—Not less than 2 of the following criteria:

"(i) UNEMPLOYMENT RATE.—The criterion set forth in paragraph (1)(D).

"(ii) POVERTY RATE.—The criterion set forth in paragraph (1)(E).

"(iii) JOB LOSS.—The amount of wages attributable to employment in the area, and subject to tax under section 3301 during the preceding calendar year, is not more than 95 percent of such wages during the 5th preceding calendar year.

"(iv) OUT-MIGRATION.—The population of the area decreased (as determined by the most recent census data available) by 10 percent or more between 1980 and 1990.

"(E) COURSE OF ACTION.—There has been adopted for the nominated area a course of action which meets the requirements of subsection (c).

"(c) REQUIRED STATE AND LOCAL COURSE OF ACTION.—

"(1) IN GENERAL.—No nominated area may be designated as a tax enterprise zone unless the local government and the State in which it is located agree in writing that, during any period during which the area is a tax enterprise zone, the governments will follow a specified course of action designed to reduce the various burdens borne by employers or employees in the area.

"(2) COURSE OF ACTION.—The course of action under paragraph (1) may be implemented by both governments and private nongovernmental entities, may not be funded from proceeds of any Federal program (other than discretionary proceeds), and may include—

"(A) the direct provision by the State or local government of property insurance to businesses that are unable to purchase comparable insurance coverage, or that are able to purchase such coverage only at a cost which is significantly higher than the Statewide average cost of such coverage,

"(B) a reduction of tax rates or fees applying within the tax enterprise zone,

"(C) an increase in the level, or efficiency of delivery, of local public services within the tax enterprise zone,

"(D) actions to reduce, remove, simplify, or streamline government paperwork requirements applicable within the tax enterprise zone,

"(E) the involvement in the program by public authorities or private entities, organizations, neighborhood associations, and community groups, particularly those within the nominated area, including a written commitment to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents of the nominated area,

"(F) the giving of special preference to contractors owned and operated by members of any minority,

"(G) the gift (or sale at below fair market value) of surplus land in the tax enterprise zone to neighborhood organizations agreeing to operate a business on the land,

"(H) the establishment of a program under which employers within the tax enterprise zone may purchase health insurance for their employees on a pooled basis,

"(I) the establishment of a program to encourage local financial institutions to satisfy their obligations under the Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.) by making loans to enterprise zone businesses, with emphasis on startup and other small-business concerns (as defined in section 3(a) of the Small Business Act (15 U.S.C. 632(a)),

"(J) the giving of special preference to qualified low-income housing projects located in tax enterprise zones, in the allocation of the State housing credit ceiling applicable under section 42, and

"(K) the giving of special preference to facilities located in tax enterprise zones, in the allocation of the State ceiling on private activity bonds applicable under section 146.

"(3) RECOGNITION OF PAST EFFORTS.—In evaluating courses of action agreed to by any State or local government, the appropriate Secretary shall take into account the past efforts of the State or local government in reducing the various burdens borne by employers and employees in the area involved.

"(4) PROHIBITION OF ASSISTANCE FOR BUSINESS RELOCATIONS.—

"(A) IN GENERAL.—The course of action implemented under paragraph (1) may not include any action to assist any establishment in relocating from 1 area to another area.

"(B) EXCEPTION.—The limitation established in subparagraph (A) shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary if—

"(i) the establishment of the new branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where the existing business entity conducts business operations, and

"(ii) there is no reason to believe that the new branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where the existing business entity conducts business operations.

"(d) SELECTION CRITERIA.—From among the nominated areas eligible for designation under subsection (b) by the appropriate Secretary, such appropriate Secretary shall make designations of tax enterprise zones on the basis of the following factors (each of which is to be given equal weight):

"(1) STATE AND LOCAL CONTRIBUTIONS.—The strength and quality of the contributions which have been promised as part of the course of action relative to the fiscal ability of the nominating State and local governments.

"(2) IMPLEMENTATION OF COURSE OF ACTION.—The effectiveness and enforceability of the guarantees that the course of action will actually be carried out.

"(3) PRIVATE COMMITMENTS.—The level of commitments by private entities of additional resources and contributions to the economy of the nominated area, including the creation of new or expanded business activities.

"(4) AVERAGE RANKINGS.—The average ranking with respect to—

"(A) the criteria set forth in subparagraphs (D) and (E) of subsection (b)(1), in the case of an area which is not a rural area, or

"(B) the 2 criteria set forth in subsection (b)(2)(D) that give the area a higher average ranking, in the case of a rural area.

"(5) REVITALIZATION POTENTIAL.—The potential for the revitalization of the nominated area as a result of zone designation, taking into account particularly the number of jobs to be created and retained.

"SEC. 1393. DEFINITIONS AND SPECIAL RULES.

For purposes of this subchapter—

"(1) URBAN TAX ENTERPRISE ZONE.—The term 'urban tax enterprise zone' means a tax enterprise zone which meets the requirements of section 1392(b)(1).

"(2) RURAL DEVELOPMENT INVESTMENT ZONE.—The term 'rural development investment zone' means a tax enterprise zone which meets the requirements of section 1392(b)(2).

"(3) GOVERNMENTS.—If more than 1 local government seeks to nominate an area as a tax enterprise zone, any reference to, or requirement of, this subchapter shall apply to all such governments.

"(4) LOCAL GOVERNMENT.—The term 'local government' means—

"(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State, and

"(B) any combination of political subdivisions described in subparagraph (A) recognized by the appropriate Secretary.

"(5) NOMINATED AREA.—

"(A) IN GENERAL.—The term 'nominated area' means an area which is nominated by 1 or more local governments and the State in which it is located for designation as a tax enterprise zone under this subchapter.

"(B) INDIAN RESERVATIONS.—In the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be deemed to be both the State and local governments with respect to the area.

"(6) RURAL AREA.—The term 'rural area' means any area which is—

"(A) outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

"(B) determined by the Secretary of Agriculture, after consultation with the Secretary of Commerce, to be a rural area.

"(7) APPROPRIATE SECRETARY.—The term 'appropriate Secretary' means—

"(A) the Secretary of Housing and Urban Development in the case of urban tax enterprise zones, and

"(B) the Secretary of Agriculture in the case of rural development investment zones.

"(8) STATE-CHARTERED DEVELOPMENT CORPORATIONS.—An area shall be treated as nominated by a State and a local government if it is nominated by an economic development corporation chartered by the State.

"PART II—INCENTIVES FOR TAX ENTERPRISE ZONES

"SUBPART A. Enterprise zone employment credit.

"SUBPART B. Investment incentives.

"SUBPART C. Regulations.

"Subpart A—Enterprise Zone Employment Credit

"Sec. 1394. Enterprise zone employment credit.

"Sec. 1395. Other definitions and special rules.

"SEC. 1394. ENTERPRISE ZONE EMPLOYMENT CREDIT.

"(a) AMOUNT OF CREDIT.—For purposes of section 38, the amount of the enterprise zone employment credit determined under this section with respect to any employer for any taxable year is 15 percent of the qualified zone wages paid or incurred during such taxable year.

"(b) QUALIFIED ZONE WAGES.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified zone wages' means any wages paid or incurred by an employer for services performed by an employee while such employee is a qualified zone employee.

"(2) ONLY FIRST $20,000 OF WAGES PER YEAR TAKEN INTO ACCOUNT.—With respect to each

qualified zone employee, the amount of qualified zone wages which may be taken into account for the taxable year shall not exceed $20,000.

"(3) COORDINATION WITH TARGETED JOBS CREDIT.—The term 'qualified wages' shall not include wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer if any portion of such wages is taken into account in determining the credit under section 51.

"(c) QUALIFIED ZONE EMPLOYEE.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'qualified zone employee' means, with respect to any period, any employee of an employer if—

"(A) substantially all of the services performed during such period by such employee for such employer are performed within a tax enterprise zone in a trade or business of the employer, and

"(B) the principal place of abode of such employee while performing such services is within such tax enterprise zone.

"(2) CERTAIN INDIVIDUALS NOT ELIGIBLE.—The term 'qualified zone employee' shall not include—

"(A) any individual described in subparagraph (A), (B), or (C) of section 51(i)(1), and

"(B) any 5-percent owner (as defined in section 416(i)(1)(B)).

"(d) EARLY TERMINATION OF EMPLOYMENT BY EMPLOYER.—

"(1) IN GENERAL.—If the employment of any employee is terminated by the taxpayer before the day 1 year after the day on which such employee began work for the employer—

"(A) no wages with respect to such employee shall be taken into account under subsection (a) for the taxable year in which such employment is terminated, and

"(B) the tax under this chapter for the taxable year in which such employment is terminated shall be increased by the aggregate credits (if any) allowed under section 38(a) for prior taxable years by reason of wages taken into account with respect to such employee.

"(2) CARRYBACKS AND CARRYOVERS ADJUSTED.—In the case of any termination of employment to which paragraph (1) applies, the carrybacks and carryovers under section 39 shall be properly adjusted.

"(3) SUBSECTION NOT TO APPLY IN CERTAIN CASES.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to—

"(i) a termination of employment of an employee who voluntarily leaves the employment of the taxpayer,

"(ii) a termination of employment of an individual who before the close of the period referred to in paragraph (1) becomes disabled to perform the services of such employment unless such disability is removed before the close of such period and the taxpayer fails to offer reemployment to such individual, or

"(iii) a termination of employment of an individual if it is determined under the applicable State unemployment compensation law that the termination was due to the misconduct of such individual.

"(B) CHANGES IN FORM OF BUSINESS.—For purposes of paragraph (1), the employment relationship between the taxpayer and an employee shall not be treated as terminated—

"(i) by a transaction to which section 381(a) applies if the employee continues to be employed by the acquiring corporation, or

"(ii) by reason of a mere change in the form of conducting the trade or business of the taxpayer if the employee continues to be employed in such trade or business and the taxpayer retains a substantial interest in such trade or business.

"(4) SPECIAL RULE.—Any increase in tax under paragraph (1) shall not be treated as a tax imposed by this chapter for purposes of—

"(A) determining the amount of any credit allowable under this chapter, and

"(B) determining the amount of the tax imposed by section 55.

"SEC. 1395. OTHER DEFINITIONS AND SPECIAL RULES.

"(a) WAGES.—For purposes of this subpart, the term 'wages' has the same meaning as when used in section 51.

"(b) CONTROLLED GROUPS.—For purposes of this subpart—

"(1) all employers treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single employer for purposes of this subpart, and

"(2) the credit (if any) determined under section 1394 with respect to each such employer shall be its proportionate share of the wages giving rise to such credit.

"(c) CERTAIN OTHER RULES MADE APPLICABLE.—For purposes of this subpart, rules similar to the rules of section 51(k) and subsections (c), (d), and (e) of section 52 shall apply.

"(d) NOTICE OF AVAILABILITY OF ADVANCE PAYMENT OF EARNED INCOME CREDIT.—Each employer shall take reasonable steps to notify all qualified zone employees of the availability to eligible individuals of receiving advanced payments of the credit under section 32 (relating to the earned income credit).

"Subpart B—Investment Incentives

"Sec. 1396. Deduction for purchase of enterprise zone stock.

"Sec. 1397. 50 percent exclusion for gain from new zone investments.

"Sec. 1397A. Nonrecognition of gain from new zone investments.

"Sec. 1397B. Other incentives.

"Sec. 1397C. Enterprise zone business defined.

"SEC. 1396. DEDUCTION FOR PURCHASE OF ENTERPRISE ZONE STOCK.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a deduction an amount equal to the aggregate amount paid in cash by the taxpayer during the taxable year for the purchase of enterprise zone stock.

"(b) LIMITATION.—

"(1) IN GENERAL.—The maximum amount allowed as a deduction under subsection (a) to a taxpayer for the taxable year shall not exceed the lesser of—

"(A) $25,000, or

"(B) the excess of $250,000 over the amount allowed as a deduction under this section to the taxpayer for all prior taxable years.

"(2) EXCESS AMOUNTS.—If the amount otherwise deductible by any person under subsection (a) exceeds the limitation under paragraph (1)(A)—

"(A) the amount of such excess shall be treated as an amount paid to which subsection (a) applies during the next taxable year, and

"(B) the deduction allowed for any taxable year shall be allocated proportionately among the enterprise zone stock purchased by such person on the basis of the respective purchase prices per share.

"(3) AGGREGATION WITH FAMILY MEMBERS.—The taxpayer and members of the taxpayer's family (as defined in section 267(c)(4)) shall be treated as one person for purposes of paragraph (1), and the limitations contained in such paragraph shall be allocated among the taxpayer and such members in accordance with their respective purchases of enterprise zone stock.

"(c) ENTERPRISE ZONE STOCK.—For purposes of this section—

"(1) IN GENERAL.—The term 'enterprise zone stock' means stock of a corporation if—

"(A) such stock is acquired on original issue from the corporation,

"(B) such corporation is, at the time of issue, a qualified enterprise zone issuer, and

"(C) the amount of the issue of which such stock is a part does not exceed the amount of the enterprise zone limit allocated to such issue by the governmental official referred to in section 1391(c)(2).

"(2) PROCEEDS MUST BE INVESTED IN QUALIFIED ENTERPRISE ZONE PROPERTY.—

"(A) IN GENERAL.—Such term shall include such stock only to the extent that the proceeds of such issuance are used by such issuer during the 12-month period beginning on the date of issuance to purchase (as defined in section 179(d)(2)) qualified enterprise zone property.

"(B) QUALIFIED ENTERPRISE ZONE PROPERTY.—For purposes of this section, the term 'qualified enterprise zone property' means property to which section 168 applies—

"(i) the original use of which in a tax enterprise zone commences with the issuer, and

"(ii) substantially all of the use of which is in a tax enterprise zone.

"(3) ENTERPRISE ZONE LIMIT.—

"(A) IN GENERAL.—The enterprise zone limit for any calendar year for each tax enterprise zone is $30,000,000.

"(B) ALLOCATION OF LIMIT.—The enterprise zone limit for any calendar year for any tax enterprise zone may be allocated by the governmental official referred to in section 1391(c)(2) only to stock issued during such calendar year by qualified enterprise zone issuers with respect to such tax enterprise zone.

"(C) RETROACTIVE ALLOCATIONS NOT EFFECTIVE.—No allocation of an enterprise zone limit made after the stock is issued shall be effective.

"(d) QUALIFIED ENTERPRISE ZONE ISSUER.—For purposes of this section, the term 'qualified enterprise zone issuer' means any domestic C corporation if—

"(1) such corporation is an enterprise zone business or, in the case of a new corporation, such corporation is being organized for purposes of being an enterprise zone business,

"(2) such corporation does not have more than one class of stock,

"(3) the sum of—

"(A) the money,

"(B) the aggregate unadjusted bases of property owned by such corporation, and

"(C) the value of property leased to the corporation (as determined under regulations prescribed by the Secretary),

does not exceed $5,000,000, and

"(4) more than 20 percent of the total voting power, and 20 percent of the total value, of the stock of such corporation is owned directly by individuals or estates or indirectly by individuals through partnerships or trusts.

The determination under paragraph (3) shall be made as of the time of issuance of the stock in question but shall include amounts received for such stock.

"(e) DISPOSITIONS OF STOCK.—

"(1) BASIS REDUCTION.—For purposes of this title, the basis of any enterprise zone stock shall be reduced by the amount of the deduction allowed under this section with respect to such stock.

"(2) DEDUCTION RECAPTURED AS ORDINARY INCOME.—For purposes of section 1245—

"(A) any stock the basis of which is reduced under paragraph (1) (and any other property the basis of which is determined in whole or in part by reference to the adjusted basis of such stock) shall be treated as section 1245 property, and

"(B) any reduction under paragraph (1) shall be treated as a deduction allowed for depreciation.

If an exchange of any stock described in paragraph (1) qualifies under section 354(a), 355(a), or 356(a), the amount of gain recognized under section 1245 by reason of this paragraph shall not exceed the amount of gain recognized in the exchange (determined without regard to this paragraph).

"(3) CERTAIN EVENTS TREATED AS DISPOSITIONS.—For purposes of determining the amount treated as ordinary income under section 1245 by reason of paragraph (2), paragraph (3) of section 1245(b) (relating to certain tax-free transactions) shall not apply.

"(4) INTEREST CHARGED IF DISPOSITION WITHIN 5 YEARS OF PURCHASE.—

"(A) IN GENERAL.—If—

"(i) a taxpayer disposes of any enterprise zone stock with respect to which a deduction was allowed under subsection (a) (or any other property the basis of which is determined in whole or in part by reference to the adjusted basis of such stock) before the end of the 5-year period beginning on the date such stock was purchased by the taxpayer, and

"(ii) section 1245(a) applies to such disposition by reason of paragraph (2),

then the tax imposed by this chapter for the taxable year in which such disposition occurs shall be increased by the amount determined under subparagraph (B).

"(B) ADDITIONAL AMOUNT.—For purposes of subparagraph (A), the additional amount shall be equal to the amount of interest (determined at the rate applicable under section 6621(a)(2)) that would accrue—

"(i) during the period beginning on the date the stock was purchased by the taxpayer and ending on the date of such disposition by the taxpayer,

"(ii) on an amount equal to the aggregate decrease in tax of the taxpayer resulting from the deduction allowed under this subsection (a) with respect to such stock.

"(C) SPECIAL RULE.—Any increase in tax under subparagraph (A) shall not be treated as a tax imposed by this chapter for purposes of—

"(i) determining the amount of any credit allowable under this chapter, and

"(ii) determining the amount of the tax imposed by section 55.

"(f) DISQUALIFICATION.—

"(1) ISSUER CEASES TO QUALIFY.—If, during the 10-year period beginning on the date enterprise zone stock was purchased by the taxpayer, the issuer of such stock ceases to be a qualified enterprise zone issuer (determined without regard to subsection (d)(3)), then notwithstanding any provision of this subtitle other than paragraph (2), the taxpayer shall be treated for purposes of subsection (e) as disposing of such stock (and any other property the basis of which is determined in whole or in part by reference to the adjusted basis of such stock) during the taxable year during which such cessation occurs at its fair market value as of the 1st day of such taxable year.

"(2) CESSATION OF ENTERPRISE ZONE STATUS NOT TO CAUSE RECAPTURE.—A corporation shall not fail to be treated as a qualified enterprise zone issuer for purposes of paragraph (1) solely by reason of the termination or revocation of a tax enterprise zone designation.

"(g) OTHER SPECIAL RULES.—

"(1) APPLICATION OF LIMITS TO PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or an S corporation, the limitations under subsection (b) shall apply at the partner and shareholder level and shall not apply at the partnership or corporation level.

"(2) DEDUCTION NOT ALLOWED TO ESTATES AND TRUSTS.—Estates and trusts shall not be treated as individuals for purposes of this section.

"SEC. 1397. 50 PERCENT EXCLUSION FOR GAIN FROM NEW ZONE INVESTMENTS.

"(a) GENERAL RULE.—In the case of an individual, gross income shall not include 50 percent of any qualified capital gain recognized on the sale or exchange of a qualified zone asset held for more than 5 years.

"(b) QUALIFIED ZONE ASSET.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified zone asset' means—

"(A) any qualified zone stock,

"(B) any qualified zone business property, and

"(C) any qualified zone partnership interest.

"(2) QUALIFIED ZONE STOCK.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified zone stock' means any stock in a domestic corporation if—

"(i) such stock is acquired by the taxpayer on original issue from the corporation solely in exchange for cash,

"(ii) as of the time such stock was issued, such corporation was an enterprise zone business (or, in the case of a new corporation, such corporation was being organized for purposes of being an enterprise zone business), and

"(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as an enterprise zone business.

"(B) EXCLUSION OF STOCK FOR WHICH DEDUCTION UNDER SECTION 1396 ALLOWED.—The term 'qualified zone stock' shall not include any stock the basis of which is reduced under section 1396(e)(1).

"(C) REDEMPTIONS.—The term 'qualified zone stock' shall not include any stock acquired from a corporation which made a substantial stock redemption or distribution (without a bona fide business purpose therefor) in an attempt to avoid the purposes of this section.

"(3) QUALIFIED ZONE BUSINESS PROPERTY.—

"(A) IN GENERAL.—The term 'qualified zone business property' means tangible property if—

"(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after the date on which the designation of the tax enterprise zone took effect,

"(ii) the original use of such property in a tax enterprise zone commences with the taxpayer, and

"(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a tax enterprise zone and in an enterprise zone business of the taxpayer.

"(B) SPECIAL RULE FOR SUBSTANTIAL RENOVATIONS.—In the case of any property which is substantially renovated by the taxpayer, the requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied. For purposes of the preceding sentence, property shall be treated as substantially renovated by the taxpayer if, during any 24-month period beginning after the date on which the designation of the tax enterprise zone took effect, additions to basis with respect to such property in the hands of the taxpayer exceed the greater of (i) an amount equal to the adjusted basis at the beginning of such 24-month period in the hands of the taxpayer, or (ii) $5,000.

"(C) LIMITATION ON LAND.—The term 'qualified zone business property' shall not include land which is not an integral part of a qualified business (as defined in section 1397C(c)).

"(4) QUALIFIED ZONE PARTNERSHIP INTEREST.—The term 'qualified zone partnership interest' means any interest in a partnership if—

"(A) such interest is acquired by the taxpayer from the partnership solely in exchange for cash,

"(B) as of the time such interest was acquired, such partnership was an enterprise zone business (or, in the case of a new partnership, such partnership was being organized for purposes of being an enterprise zone business), and

"(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as an enterprise zone business.

A rule similar to the rule of paragraph (2)(C) shall apply for purposes of this paragraph.

"(5) TREATMENT OF SUBSEQUENT PURCHASERS.—The term 'qualified zone asset' includes any property which would be a qualified zone asset but for paragraph (2)(A)(i), (3)(A)(ii), or (4)(A) in the hands of the taxpayer if such property was a qualified zone asset in the hands of any prior holder.

"(6) 10-YEAR SAFE HARBOR.—If any property ceases to be a qualified zone asset by reason of paragraph (2)(A)(iii), (3)(A)(ii), or (4)(C) after the 10-year period beginning on the date the taxpayer acquired such property, such property shall continue to be treated as meeting the requirements of such paragraph; except that the amount of gain to which subsection (a) applies on any sale or exchange of such property shall not exceed the amount which would be qualified capital gain had such property been sold on the date of such cessation.

"(7) TREATMENT OF ZONE TERMINATIONS.—The termination of any designation of an area as a tax enterprise zone shall be disregarded for purposes of determining whether any property is a qualified zone asset.

"(c) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED CAPITAL GAIN.—Except as otherwise provided in this subsection, the term 'qualified capital gain' means any long-term capital gain.

"(2) CERTAIN GAIN ON REAL PROPERTY NOT QUALIFIED.—The term 'qualified capital gain' shall not include any gain which would be treated as ordinary income under section 1250 if section 1250 applied to all depreciation rather than the additional depreciation.

"(3) GAIN ATTRIBUTABLE TO PERIODS AFTER TERMINATION OF ZONE DESIGNATION NOT QUALIFIED.—The term 'qualified capital gain' shall not include any gain attributable to periods after the termination of any designation of an area as a tax enterprise zone.

"(d) TREATMENT OF PASS-THRU ENTITIES.—

"(1) SALES AND EXCHANGES.—Gain on the sale or exchange of an interest in a pass-thru entity held by the taxpayer (other than an interest in an entity which was an enterprise zone business during substantially all of the period the taxpayer held such interest) for more than 5 years shall be treated as gain described in subsection (a) to the extent such

gain is attributable to amounts which would be qualified capital gain on qualified zone assets (determined as if such assets had been sold on the date of the sale or exchange) held by such entity for more than 5 years and throughout the period the taxpayer held such interest. A rule similar to the rule of paragraph (2)(C) shall apply for purposes of the preceding sentence.

"(2) DISTRIBUTIONS.—

"(A) IN GENERAL.—Any amount included in income by reason of holding an interest in a pass-thru entity (other than an entity which was an enterprise zone business during substantially all of the period the taxpayer held the interest to which such inclusion relates) shall be treated as gain described in subsection (a) if such amount meets the requirements of subparagraph (B).

"(B) REQUIREMENTS.—An amount meets the requirements of this subparagraph if—

"(i) such amount is attributable to gain on the sale or exchange by the pass-thru entity of property which is a qualified zone asset in the hands of such entity and which was held by such entity for the period required under subsection (a), and

"(ii) such amount is includible in the gross income of the taxpayer by reason of the holding of an interest in such entity which was held by the taxpayer on the date on which such pass-thru entity acquired such asset and at all times thereafter before the disposition of such asset by such pass-thru entity.

"(C) LIMITATION BASED ON INTEREST ORIGINALLY HELD BY TAXPAYER.—Subparagraph (A) shall not apply to any amount to the extent such amount exceeds the amount to which subparagraph (A) would have applied if such amount were determined by reference to the interest the taxpayer held in the pass-thru entity on the date the qualified zone asset was acquired.

"(3) PASS-THRU ENTITY.—For purposes of this subsection, the term 'pass-thru entity' means—

"(A) any partnership,

"(B) any S corporation,

"(C) any regulated investment company, and

"(D) any common trust fund.

"(e) SALES AND EXCHANGES OF INTERESTS IN PARTNERSHIPS AND S CORPORATIONS WHICH ARE QUALIFIED ZONE BUSINESSES.—In the case of the sale or exchange of a interest in a partnership, or of stock in an S Corporation, which was an enterprise zone business during substantially all of the period the taxpayer held such interest or stock) is an enterprise zone business, the amount of qualified capital gain shall be determined without regard to—

"(1) any intangible, and any land, which is not an integral part of any qualified business (as defined in section 1397C(b)), and

"(2) gain attributable to periods before the designation of an area as a tax enterprize zone.

"(f) CERTAIN TAX-FREE AND OTHER TRANSFERS.—For purposes of this section—

"(1) IN GENERAL.—In the case of a transfer of a qualified zone asset to which this subsection applies, the transferee shall be treated as—

"(A) having acquired such asset in the same manner as the transferor, and

"(B) having held such asset during any continuous period immediately preceding the transfer during which it was held (or treated as held under this subsection) by the transferor.

"(2) TRANSFERS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any transfer—

"(A) by gift,

"(B) at death, or

"(C) from a partnership to a partner thereof of a qualified zone asset with respect to which the requirements of subsection (d)(2) are met at the time of the transfer (without regard to the 5-year holding requirement).

"(3) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 1244(d)(2) shall apply for purposes of this section.

"SEC. 1397A. NONRECOGNITION OF GAIN FROM NEW ZONE INVESTMENTS.

"(a) GENERAL RULE.—At the election of an individual, qualified capital gain (within the meaning of section 1397) from the sale or exchange of a qualified zone asset shall be recognized only to the extent that—

"(1) the amount realized from such sale or exchange, exceeds

"(2) the cost (not heretofore taken into account under this subsection) of any qualified zone asset purchased directly by the taxpayer during the reinvestment period.

"(b) QUALIFIED ZONE ASSET.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified zone asset' has the meaning given such term by section 1397.

"(2) TIME FOR TESTING.—

"(A) SALES.—In the case of a sale or exchange of property, the determination of whether such property is a qualified zone asset shall be made as of the time of the sale or exchange.

"(B) PURCHASES.—In the case of a purchase of property, the determination of whether such property is a qualified zone asset shall be made as of the time of such purchase.

"(c) OTHER DEFINITIONS.—For purposes of this section—

"(1) REINVESTMENT PERIOD.—The term 'reinvestment period' means, with respect to any sale or exchange, the 6-month period beginning on the date of such sale or exchange.

"(2) PURCHASE.—The term 'purchase' has the meaning given to such term by section 179(d)(2).

"(d) BUSINESS OR PROPERTY CEASES TO QUALIFY.—

"(1) IN GENERAL.—If, during the 10-year period beginning on the date any qualified zone replacement asset was purchased by the taxpayer, such asset ceases to be a qualified zone asset, notwithstanding any provision of this subtitle other than paragraph (3), the taxpayer shall be treated as disposing of such asset during the taxable year during which such cessation occurs at its fair market value as of the 1st day of such taxable year.

"(2) LIMITATION ON GAIN RECOGNIZED.—The amount of gain recognized pursuant to paragraph (1) with respect to any asset shall not exceed the lesser of—

"(A) the amount of gain which was not recognized under subsection (a) by the reason of the purchase of such asset, or

"(B) the excess of the fair market value referred to in paragraph (1) over the adjusted basis of such asset.

"(3) CESSATION OF ENTERPRISE ZONE STATUS NOT TO CAUSE RECAPTURE.—An asset shall not fail to be treated as a qualified zone asset for purposes of paragraph (1) solely by reason of the termination of a tax enterprise zone designation.

"(4) QUALIFIED ZONE REPLACEMENT ASSET.—For purposes of paragraph (1), the term 'qualified zone replacement asset' means any qualified zone asset the purchase of which resulted in the nonrecognition of gain under subsection (a) with respect to any other property.

"(e) BASIS OF QUALIFIED ZONE REPLACEMENT ASSET.—If gain from the sale or exchange of any property is not recognized by reason of subsection (a), such gain shall be applied to reduce (in the order acquired) the basis of any qualified zone replacement asset (as defined in subsection (d)(4)) purchased during the reinvestment period.

"(f) COORDINATION WITH INSTALLMENT METHOD REPORTING.—This section shall not apply to any gain from any installment sale (as defined in section 453(b)) if section 453(a) applies to such sale.

"(g) STATUTE OF LIMITATIONS.—If any gain is realized by the taxpayer on any sale or exchange to which an election under this section applies, then—

"(1) the statutory period for the assessment of any deficiency with respect to such gain shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may by regulations prescribe) of—

"(A) the taxpayer's cost of purchasing any qualified zone replacement asset,

"(B) the taxpayer's intention not to purchase qualified zone replacement asset within the reinvestment period, or

"(C) a failure to make such purchase within the reinvestment period, and

"(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any law or rule of law which would otherwise prevent such assessment.

"SEC. 1397B. ADDITIONAL INCENTIVES.

"(a) INCREASE IN EXPENSING UNDER SECTION 179.—In the case of an enterprise zone business—

"(1) IN GENERAL.—Section 179(b)(1) shall be applied by substituting '$20,000' for '$10,000'.

"(2) CONTROLLED GROUPS.—If such business is a component member of a controlled group of corporations (as defined in section 179(d)(7)), paragraph (1) shall apply only if all component members of such group are enterprise zone businesses.

"(b) ORDINARY LOSS TREATMENT FOR CERTAIN PROPERTY.—

"(1) IN GENERAL.—Loss on any qualified zone asset (as defined in section 1397(b)) held for more than 2 years (5 years in the case of real property) shall be treated as an ordinary loss.

"(2) REAL PROPERTY.—For purposes of paragraph (1), the term 'real property' means any property which is section 1250 property (as defined in section 1250(c)).

"(3) SPECIAL RULES.—

"(A) CERTAIN RULES MADE APPLICABLE.—For purposes of this subsection, rules similar to the following rules shall apply:

"(i) Paragraphs (1), (2), and (3) of section 1244(d).

"(ii) Subsections (b)(6), (c)(3), (d), (e), and (f) of section 1397.

"(B) COORDINATION WITH SECTION 1231.—Losses treated as ordinary losses by reason of this subsection shall not be taken into account in applying section 1231.

"SEC. 1397C. ENTERPRISE ZONE BUSINESS DEFINED.

"(a) IN GENERAL.—For purposes of this subpart, the term 'enterprise zone business' means—

"(1) any qualified business entity, and

"(2) any qualified proprietorship.

"(b) QUALIFIED BUSINESS ENTITY.—For purposes of this section, the term 'qualified business entity' means, with respect to any taxable year, any corporation or partnership if for such year—

"(1)(A) every trade or business of such entity is the active conduct of a qualified business within a tax enterprise zone, and

"(B) at least 80 percent of the total gross income of such entity is derived from the active conduct of such business,

"(2) substantially all of the use of the tangible property of such entity (whether owned or leased) is within a tax enterprise zone,

"(3) substantially all of the services performed for such entity by its employees are performed in a tax enterprise zone,

"(4) at least one-third of its employees are residents of a tax enterprise zone, and

"(5) less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to—

"(A) collectibles (as defined in section 408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business, or

"(B) nonqualified financial property.

"(c) QUALIFIED PROPRIETORSHIP.—For purposes of this section, the term 'qualified proprietorship' means, with respect to any taxable year, any qualified business carried on by an individual as a proprietorship if for such year—

"(1) at least 80 percent of the total gross income of such individual from such business is derived from the active conduct of such business in a tax enterprise zone,

"(2) substantially all of the use of the tangible property of such individual in such business (whether owned or leased) is within a tax enterprise zone,

"(3) substantially all of the services performed for such individual in such business by employees of such business are performed in a tax enterprise zone,

"(4) at least 1/3 of such employees are residents of a tax enterprise zone, and

"(5) less than 5 percent of the average of the aggregate unadjusted bases of the property of such individual which is used in such business is attributable to—

"(A) collectibles (as defined in section 408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business, or

"(B) nonqualified financial property.

"(d) QUALIFIED BUSINESS.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'qualified business' means any trade or business.

"(2) RENTAL OF REAL PROPERTY.—The rental of real property located in a tax enterprise zone shall be treated as a qualified business if and only if—

"(A) in the case of real property which is not residential rental property (as defined in section 168(e)(2)), the lessee is an enterprise zone business, or

"(B) in the case of residential rental property (as so defined)—

"(i) such property was originally placed in service after the date the tax enterprise zone was designated, or

"(ii) such property is rehabilitated after such date in a rehabilitation which meets requirements based on the principles of section 42(e)(3).

"(3) RENTAL OF TANGIBLE PERSONAL PROPERTY.—The rental of tangible personal property shall be treated as a qualified business if and only if substantially all of the rental of such property is by enterprise zone businesses or by residents of a tax enterprise zone.

"(4) TREATMENT OF BUSINESS HOLDING INTANGIBLES.—The term 'qualified business' shall not include any trade or business consisting predominantly of the development or holding of intangibles for sale or license.

"(e) NONQUALIFIED FINANCIAL PROPERTY.—For purposes of this section, the term 'nonqualified financial property' means debt, stock, partnership interests, options, futures contracts, forward contracts, warrants, notional principal contracts, annuities, and other similar property specified in regulations; except that such term shall not include—

"(1) reasonable amounts of working capital held in cash, cash equivalents, or debt instruments with a term of 18 months or less, or

"(2) debt instruments described in section 1221(4).

"Subpart C—Regulations

"Sec. 1397C. Regulations.

"SEC. 1397C. REGULATIONS.

"The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including—

"(1) regulations limiting the benefit of this part in circumstances where such benefits, in combination with benefits provided under other Federal programs, would result in an activity being 100 percent or more subsidized by the Federal Government,

"(2) regulations preventing abuse of the provisions of this part, and

"(3) regulations dealing with inadvertent failures of entities to be qualified zone businesses."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by inserting after the item relating to subchapter T the following new item:

"Subchapter U. Designation and treatment of tax enterprise zones."

SEC. 1103. TECHNICAL AND CONFORMING AMENDMENTS.

(a) ENTERPRISE ZONE EMPLOYMENT CREDIT PART OF GENERAL BUSINESS CREDIT.—

(1) Subsection (b) of section 38 (relating to current year business credit) is amended by striking "plus" at the end of paragraph (6), by striking the period at the end of paragraph (7) and inserting ", plus", and by adding at the end the following new paragraph:

"(8) the enterprise zone employment credit determined under section 1394(a)."

(2) Subsection (d) of section 39 is amended by adding at the end thereof the following new paragraph:

"(3) NO CARRYBACK OF SECTION 1394 CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to the enterprise zone employment credit determined under section 1394 may be carried to a taxable year ending before the date of the enactment of section 1394."

(b) NONITEMIZERS ALLOWED DEDUCTION FOR ENTERPRISE ZONE STOCK.—Subsection (a) of section 62 is amended by adding at the end thereof the following new paragraph:

"(14) ENTERPRISE ZONE STOCK.—The deduction allowed by section 1396."

(c) DENIAL OF DEDUCTION FOR PORTION OF WAGES EQUAL TO ENTERPRISE ZONE EMPLOYMENT CREDIT.—

(1) Subsection (a) of section 280C (relating to rule for targeted jobs credit) is amended—

(A) by striking "the amount of the credit determined for the taxable year under section 51(a)" and inserting "the sum of the credits determined for the taxable year under sections 51(a) and 1394(a)", and

(B) by striking "TARGETED JOBS CREDIT" in the subsection heading and inserting "EMPLOYMENT CREDITS".

(2) Subsection (c) of section 196 (relating to deduction for certain unused business credits) is amended by striking "and" at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting ", and", and by adding at the end the following new paragraph:

"(6) the enterprise zone employment credit determined under section 1394(a)."

(d) OTHER AMENDMENTS.—

(1)(A) Section 172(d)(2) (relating to modifications with respect to net operating loss deduction) is amended to read as follows:

"(2) CAPITAL GAINS AND LOSSES OF TAXPAYERS OTHER THAN CORPORATIONS.—In the case of a taxpayer other than a corporation—

"(A) the amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includable on account of gains from sales or exchanges of capital assets; and

"(B) the exclusion provided by section 1397 shall not be allowed."

(B) Subparagraph (B) of section 172(d)(4) is amended by inserting ", (2)(B)," after "paragraph (1)".

(2) Subsection (c) of section 381 (relating to carryovers in certain corporate acquisitions) is amended by adding at the end the following new paragraph:

"(26) ENTERPRISE ZONE PROVISIONS.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and subchapter U, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of subchapter U in respect of the distributor or transferor corporation."

(3) Paragraph (4) of section 642(c) is amended to read as follows:

"(4) ADJUSTMENTS.—To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1397(a), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1397. In the case of a trust, the deduction allowed by this subsection shall be subject to section 681 (relating to unrelated business income)."

(4) Paragraph (3) of section 643(a) is amended by adding at the end thereof the following new sentence: "The exclusion under section 1397 shall not be taken into account."

(5) Paragraph (4) of section 691(c) is amended by striking "1201, and 1211" and inserting "1201, 1397, and 1211".

(6) The second sentence of paragraph (2) of section 871(a) is amended by inserting "such gains and losses shall be determined without regard to section 1397 and" after "except that".

(7) Paragraph (1) of section 1371(d) (relating to coordination with investment credit recapture) is amended by inserting before the period at the end the following "and for purposes of sections 1394(d)(3)".

(8) Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking "and" at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting a semicolon, and by adding at the end thereof the following new paragraphs:

"(25) in the case of stock with respect to which a deduction was allowed under section 1396(a), to the extent provided in section 1396(e); and

"(26) in the case of property the acquisition of which resulted under section 1397A in the nonrecognition of any part of the gain realized on the sale or exchange of other property, to the extent provided in section 1397A(e)."

(9) Section 1223 (relating to holding period of property) is amended by redesignating paragraph (15) as paragraph (16) and by inserting after paragraph (14) the following new paragraph:

"(15) In determining the period for which the taxpayer has held property the acquisition of which resulted under section 1397A in the nonrecognition of any part of the gain realized on the sale or exchange of any qualified zone asset (as defined in section 1397A(b)), there shall be included the period for which such asset had been held as of the date of such sale or exchange."

SEC. 1104. EFFECTIVE DATE.

(a) GENERAL RULE.—The amendments made by this part shall take effect on the date of the enactment of this Act.

(b) REQUIREMENT FOR RULES.—Not later than 4 months after the date of the enactment of this Act, the appropriate Secretaries shall issue rules—

(1) establishing the procedures for nominating areas for designation as tax enterprise zones,

(2) establishing a method for comparing the factors listed in section 1392(d) of the Internal Revenue Code of 1986 (as added by this part), and

(3) establishing recordkeeping requirements necessary or appropriate to assist the studies required by part IV.

PART II—REDEVELOPMENT BONDS FOR TAX ENTERPRISE ZONES

SEC. 1111. SPECIAL RULES FOR REDEVELOPMENT BONDS PROVIDING FINANCING FOR TAX ENTERPRISE ZONES.

(a) IN GENERAL.—Subsection (c) of section 144 (relating to qualified redevelopment bonds) is amended by adding at the end thereof the following new paragraph:

"(9) SPECIAL RULES FOR TAX ENTERPRISE ZONES.—For purposes of this subsection, in the case of bonds issued during the 60-month period beginning on the date a tax enterprise zone is designated—

"(A) TREATMENT AS DESIGNATED BLIGHTED AREA.—Such tax enterprise zone shall be treated as a designated blighted area during such 60-month period (or, if shorter, the period such designation is in effect). Any area designated by reason of the preceding sentence shall not be taken into account in applying paragraph (4)(C).

"(B) SECURITY FOR BONDS.—The requirements of paragraph (2)(B) shall be treated as met with respect to a financed area that is within a tax enterprise zone if the general purpose governmental unit guarantees the payment of principal and interest on the issue either directly or through insurance, a letter of credit, or a similar agreement but only if the cost thereof is financed other than with proceeds of any tax-exempt private activity bond or earnings on such proceeds.

"(C) EXPANSION OF REDEVELOPMENT PURPOSES.—

"(i) IN GENERAL.—The term 'redevelopment purposes' includes the making of loans to any enterprise zone business (as defined in section 1397B) for—

"(I) the acquisition of land within the tax enterprise zone for use in such business, or

"(II) the acquisition, construction, reconstruction, or improvement by such business of land, or property of a character subject to the allowance for depreciation, for use in such business.

"(ii) $2,500,000 LIMITATION.—Clause (i) shall apply to loans made to any enterprise zone business only if the aggregate principal amount of such loans (whether or not financed by the same issue) does not exceed $2,500,000. For purposes of the preceding sentence, all persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as 1 person.

"(iii) LOANS MUST BE MADE WITHIN 18 MONTHS AFTER BONDS ISSUED; REPAYMENTS MUST BE USED FOR REDEMPTIONS.—Clause (i) shall apply only to loans—

"(I) made during the 18-month period beginning on the date of issuance of the issue financing such loan,

"(II) repayments of principal on which are used not later than the close of the 1st semiannual period beginning after the date the repayment is received to redeem bonds which are part of such issue, and

"(III) the effective rate of interest on which does not exceed the yield on the issue by more than 0.125 percentage points.

In determining the effective rate of interest for purposes of subclause (III), there shall be taken into account all fees, charges, and other amounts (other than amounts for any credit report) borne by the borrower which are attributable to the loan or the bond issue.

"(iv) HOUSING LOANS EXCLUDED.—Clause (i) shall not apply to any loan to be used directly or indirectly to provide residential real property.

"(v) COORDINATION WITH RESTRICTIONS ON USE OF PROCEEDS.—Paragraphs (6) and (8) shall apply notwithstanding clause (i); except that in applying paragraph (6), subsection (a)(8) shall be treated as not including a reference to a facility the primary purpose of which is retail food services.

"(D) ISSUER TO DESIGNATE AMOUNT OF ISSUE TO BE USED FOR LOANS.—Subparagraph (C) shall not apply with respect to any issue unless the issuer designates before the date of issuance the amount of the proceeds of such issue which is to be used for loans to which subparagraph (C)(i) applies. If such amount exceeds the principal amount of loans to which subparagraph (C)(i) applies, an amount of proceeds equal to such excess shall be used not later than the close of the 1st semiannual period beginning after the close of the 18-month period referred to in subparagraph (C)(iii) to redeem bonds which are part of such issue.

"(E) DE MINIMIS REDEMPTIONS NOT REQUIRED.—Subparagraphs (C)(iii) and (D) shall not be construed to require amounts of less than $250,000 to be used to redeem bonds. The Secretary may by regulation treat related issues as 1 issue for purposes of the preceding sentence.

"(F) PENALTY.—

"(i) IN GENERAL.—In the case of property with respect to which financing was provided under this paragraph, if at any time during the 10-period beginning on the date such financing was provided—

"(I) such property ceases to be in used in an enterprise zone business (as defined in section 1397B), or

"(I) substantially all of the use of such property ceases to be in a tax enterprise zone,

there is hereby imposed on the trade or business to which such financing was provided a penalty equal to 1.25 percent of so much of the face amount of all financing provided (whether or not from the same issue and whether or not such issue is outstanding) before such cessation to the trade or business using such property.

"(ii) NO PENALTY BY REASON OF ZONE TERMINATION.—No penalty shall be imposed under clause (i) solely by reason of the termination or revocation of a tax enterprise zone designation.

"(iii) EXCEPTION FOR BANKRUPTCY.—Clause (i) shall not apply to any cessation resulting from bankruptcy."

(b) VOLUME CAP ONLY CHARGED WITH 50 PERCENT OF TAX ENTERPRISE ZONE REDEVELOPMENT BONDS.—Subsection (g) of section 146 is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(5) 50 percent of any qualified redevelopment bond issued—

"(A) as part of an issue 95 percent or more of the net proceeds of which are to be used for 1 or more redevelopment purposes (as defined in section 144(c)) in a tax enterprise zone, and

"(B) during the 60-month period beginning on the date of the designation of such zone."

(c) PENALTIES FOR LOANS MADE TO BUSINESSES THAT CEASE TO BE ENTERPRISE ZONE BUSINESSES, ETC.—Subsection (b) of section 150 is amended by adding at the end thereof the following new paragraph:

"(6) ENTERPRISE ZONE REDEVELOPMENT BONDS.—In the case of any financing provided by an issue the interest on which is exempt from tax by reason of section 144(c)(9)—

"(A) IN GENERAL.—No deduction shall be allowed under this chapter for interest on such financing which accrues during the period beginning on the first day of the calendar year which includes the date on which—

"(i) the trade or business to which the financing was provided ceases to be an enterprise zone business (as defined in section 1397B), or

"(ii) substantially all of the use of the property (determined in accordance with subchapter U) with respect to which the financing was provided ceases to be in a tax enterprise zone.

The preceding sentence shall not apply solely by reason of the termination or revocation of a tax enterprise zone designation.

"(B) EXCEPTION FOR BANKRUPTCY.—This paragraph shall not apply to any cessation resulting from bankruptcy."

PART III—CREDIT FOR CONTRIBUTIONS TO CERTAIN COMMUNITY DEVELOPMENT CORPORATIONS

SEC. 1121. CREDIT FOR CONTRIBUTIONS TO CERTAIN COMMUNITY DEVELOPMENT CORPORATIONS.

(a) IN GENERAL.—For purposes of section 38 of the Internal Revenue Code of 1986, the current year business credit shall include the credit determined under this section.

(b) DETERMINATION OF CREDIT.—The credit determined under this section for each taxable year in the credit period with respect to any qualified CDC contribution made by the taxpayer is an amount equal to 5 percent of such contribution.

(c) CREDIT PERIOD.—For purposes of this section, the credit period with respect to any qualified CDC contribution is the period of 10 taxable years beginning with the taxable year during which such contribution was made.

(d) QUALIFIED CDC CONTRIBUTION.—For purposes of this section—

(1) IN GENERAL.—The term "qualified CDC contribution" means any transfer of cash—

(A) which is made to a selected community development corporation during the 5-year period beginning on the date such corporation was selected for purposes of this section,

(B) the amount of which is available for use by such corporation for at least 10 years,

(C) which is to be used by such corporation for qualified low-income assistance within its operational area, and

(D) which is designated by such corporation for purposes of this section.

(2) LIMITATIONS ON AMOUNT DESIGNATED.—The aggregate amount of contributions to a selected community development corpora-

tion which may be designated by such corporation shall not exceed $2,000,000.

(e) SELECTED COMMUNITY DEVELOPMENT CORPORATIONS.—

(1) IN GENERAL.—For purposes of this section, the term "selected community development corporation" means any corporation—

(A) which is described in section 501(c)(3) of such Code and exempt from tax under section 501(a) of such Code,

(B) the principal purposes of which include promoting employment of, and business opportunities for, low-income individuals who are residents of the operational area, and

(C) which is selected by the Secretary of Housing and Urban Development for purposes of this section.

(2) ONLY 10 CORPORATIONS MAY BE SELECTED.—

(A) IN GENERAL.—The Secretary of Housing and Urban Development may select 10 corporations for purposes of this section, subject to the availability of eligible corporations. Such selections may be made only before January 1, 1994. At least 4 of the operational areas of the corporations selected must be rural areas (as defined by 1393(6) of such Code).

(B) PRIORITY OF DESIGNATIONS.—In selecting corporations for purposes of this section, such Secretary shall give priority to corporations with a demonstrated record of performance in administering community development programs which target at least 75 percent of the jobs emanating from their investment funds to low income or unemployed individuals.

(3) OPERATIONAL AREAS MUST HAVE CERTAIN CHARACTERISTICS.—A corporation may be selected for purposes of this section only if its operational area meets the following criteria:

(A) The area meets the size requirements under paragraph (1)(C) or (2)(C) of section 1391(b) which would apply if such area were to be designated as a tax enterprise zone.

(B) The unemployment rate (as determined by the appropriate available data) is not less than the national unemployment rate.

(C) The median family income of residents of such area does not exceed 80 percent of the median gross income of residents of the jurisdiction of the local government which includes such area.

(f) QUALIFIED LOW-INCOME ASSISTANCE.—For purposes of this section, the term "qualified low-income assistance" means assistance—

(1) which is designed to provide employment of, and business opportunities for, low-income individuals who are residents of the operational area of the community development corporation, and

(2) which is approved by the Secretary of Housing and Urban Development.

PART IV—STUDIES

SEC. 1131. STUDIES OF EFFECTIVENESS OF TAX ENTERPRISE ZONE INCENTIVES.

(a) IN GENERAL.—The Secretary of the Treasury and the Comptroller General shall each conduct studies of the effectiveness of the incentives provided by this subtitle in achieving the purposes of this subtitle in tax enterprise zones.

(b) REPORTS.—The Secretary of the Treasury and the Comptroller General shall each submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate—

(1) not later than July 1, 1997, an interim report setting forth the findings as a result of such studies, and

(2) not later than July 1, 2002, a final report setting forth the findings as a result of such studies.

Subtitle B—Permanent Extension of Certain Expiring Tax Provisions Primarily Affecting Urban Areas

SEC. 1201. LOW-INCOME HOUSING CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Section 42 (relating to low-income housing credit) is amended by striking subsection (o).

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to periods after June 30, 1992.

(b) ELECTION TO DETERMINE RENT LIMITATION BASED ON NUMBER OF BEDROOMS.—In the case of a building to which the amendments made by section 7108(e)(1) of the Revenue Reconciliation Act of 1989 did not apply, the taxpayer may elect to have such amendments apply to such building but only with respect to tenants first occupying any unit in the building after the date of the election. Such an election may be made only during the 180 day period beginning on the date of the enactment of this Act, and, once made, shall be irrevocable.

SEC. 1202. TARGETED JOBS CREDIT.

(a) IN GENERAL.—Subsection (c) of section 51 (relating to amount of targeted jobs credit) is amended by striking paragraph (4).

(b) RESTORATION OF CREDIT FOR ECONOMICALLY DISADVANTAGED YOUTH WHO HAVE NOT ATTAINED AGE 25.—Subparagraph (B) of section 51(d)(3) is amended by striking "age 23" and inserting "age 25".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1992.

SEC. 1203. QUALIFIED MORTGAGE BONDS.

(a) IN GENERAL.—Paragraph (1) of section 143(a) (defining qualified mortgage bond) is amended to read as follows:

"(1) QUALIFIED MORTGAGE BOND DEFINED.—For purposes of this title, the term 'qualified mortgage bond' means a bond which is issued as part of a qualified mortgage issue."

(b) MORTGAGE CREDIT CERTIFICATES.—Section 25 is amended by striking subsection (h) and by redesignating subsection (i) as subsection (h).

(c) TREATMENT OF RESALE PRICE CONTROL AND SUBSIDY LIEN PROGRAMS.—Subsection (k) of section 143 is amended by adding at the end thereof the following new paragraph:

"(10) TREATMENT OF RESALE PRICE CONTROL AND SUBSIDY LIEN PROGRAMS.—

"(A) IN GENERAL.—In the case of a residence which is located in a high housing cost area (as defined in section 143(f)(5)), the interest of a governmental unit in such residence by reason of financing provided under any qualified program shall not be taken into account under this section (other than subsection (m)), and the acquisition cost of the residence which is taken into account under subsection (e) shall be such cost reduced by the amount of such financing.

"(B) QUALIFIED PROGRAM.—For purposes of subparagraph (A), the term 'qualified program' means any governmental program providing mortgage loans (other than 1st mortgage loans)—

"(i) which restricts (throughout the 9-year period beginning on the date the financing is provided) the resale of the residence to a purchaser qualifying under this section and to a price determined by an index that reflects less than the full amount of any appreciation in the residence's value, or

"(ii) which provides for deferred or reduced interest payments on such financing and grants the governmental unit a share in the appreciation of the residence,

but only if such financing is not provided directly or indirectly through the use of any tax-exempt private activity bond."

(d) FINANCING ALLOWED FOR CONTRACT FOR DEED AGREEMENTS.—

(1) IN GENERAL.—Paragraph (2) of section 143(d) (relating to exceptions to 3-year requirement) is amended—

(A) by striking "and" at the end of subparagraph (A),

(B) by adding "and" at the end of subparagraph (B), and

(C) by inserting after subparagraph (B) the following new subparagraph:

"(C) financing with respect to land described in subsection (i)(1)(C) and the construction of any residence thereon."

(2) EXCEPTION TO NEW MORTGAGE REQUIREMENT.—Paragraph (1) of section 143(i) (relating to mortgages must be new mortgages) is amended by adding at the end thereof the following new subparagraph:

"(C) EXCEPTION FOR CERTAIN CONTRACT FOR DEED AGREEMENTS.—

"(i) IN GENERAL.—In the case of land possessed under a contract for deed by a mortgagor—

"(I) whose principal residence (within the meaning of section 1034) is located on such land, and

"(II) whose family income (as defined in subsection (f)(2)) is not more than 50 percent of applicable median family income (as defined in subsection (f)(3)),

the contract for deed shall not be treated as an existing mortgage for purposes of subparagraph (A).

"(ii) CONTRACT FOR DEED DEFINED.—For purposes of this subparagraph, the term 'contract for deed' means a seller-financed contract for the conveyance of land under which—

"(I) legal title does not pass to the purchaser until the consideration under the contract is fully paid to the seller, and

"(II) the seller's remedy for nonpayment is forfeiture rather than judicial or nonjudicial foreclosure."

(3) ACQUISITION COST INCLUDES COST OF LAND.—Clause (iii) of section 143(k)(3)(B) is amended by inserting "(other than land described in subsection (i)(1)(C)(i))" after "cost of land".

(e) EFFECTIVE DATES.—

(1) BONDS.—The amendment made by subsection (a) shall apply to bonds issued after June 30, 1992.

(2) CERTIFICATES.—The amendment made by subsection (b) shall apply to elections for periods after June 30, 1992.

(3) PROGRAMS.—The amendment made by subsection (c) shall apply to qualified mortgage bonds issued and mortgage credit certificates provided on or after the date of the enactment of this Act.

(4) CONTRACT FOR DEED AGREEMENTS.—The amendments made by subsection (d) shall apply to loans originated after the date of the enactment of this Act.

SEC. 1204. QUALIFIED SMALL ISSUE BONDS.

(a) IN GENERAL.—Subparagraph (B) of section 144(a)(12) is amended to read as follows:

"(B) BONDS ISSUED TO FINANCE MANUFACTURING FACILITIES AND FARM PROPERTY.—Subparagraph (A) shall not apply to any bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide—

"(i) any manufacturing facility, or

"(ii) any land or property in accordance with section 147(c)(2)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to bonds issued after June 30, 1992.

Subtitle C—Aid to Families With Dependent Children

SEC. 1301. FUNDING FOR THE JOBS PROGRAM.

(a) CARRYOVER OF UNUSED JOBS FUNDS THAT WERE AVAILABLE FOR FISCAL YEAR 1991.—Section 403 of the Social Security Act (42 U.S.C. 603) is amended by adding at the end the following:

"(o)(1) Each State with a plan approved under part F may apply to the Secretary for a payment under this subsection.

"(2) The Secretary shall make a payment under this subsection to any State which applies therefor and enters into a contract with the Secretary under which the State makes a commitment to—

"(A) use the amount so paid to carry out the program under part F;

"(B) incur obligations to expend the amount, within 1 year after the date of the enactment of this subsection; and

"(C) expend the amount in accordance with such obligations, within 2 years after such date of enactment.

"(3) The amount of the payment to any State under this subsection shall bear the same ratio to $100,000,000 as the expenditures of the State to carry out the program under part F for fiscal year 1991 bears to the aggregate expenditures of all States to carry out such program for fiscal year 1991.

"(4) $100,000,000 of the unobligated funds that were available for payments under subsection (l) for fiscal year 1991 shall be available for payments under this subsection.".

(b) ENHANCED MATCH FOR FISCAL YEAR 1993.—Section 403(1) of such Act (42 U.S.C. 603(1)) is amended—

(1) in paragraph (1)(A)—

(A) in clause (i), by striking "and";

(B) in clause (ii)—

(i) by inserting "(and, for fiscal year 1993, do not exceed such expenditures in the fiscal year 1991)" after "clause (i)"; and

(ii) by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(iii) with respect to so much of such expenditures in fiscal year 1993 as exceed such expenditures in the fiscal year 1991, 90 percent."; and

(2) in paragraph (2)(A), by adding at the end the following: "This subparagraph shall not apply to expenditures in fiscal year 1993.".

(c) CARRYOVER OF UNUSED JOBS FUNDS THAT WERE AVAILABLE FOR FISCAL YEARS 1992 AND 1993.—Section 403(k)(2) of such Act (42 U.S.C. 603(k)(2)) is amended—

(1) in subparagraph (B), by striking the period and inserting ", plus"; and

(2) by adding at the end the following:

"(C) for fiscal year 1993, the amount that bears the same ratio to 50 percent of the unobligated funds that were available for payments under subsection (l) for fiscal year 1992 as the expenditures of the State to carry out the program under part F for fiscal year 1991 bears to the aggregate expenditures of all States to carry out such programs for fiscal year 1991, plus

"(D) for fiscal year 1994, the amount that bears the same ratio to 100 percent of the unobligated funds that were available for payments under subsection (l) for fiscal year 1993 as the expenditures of the State to carry out the program under part F for fiscal year 1991 bears to the aggregate expenditures of all States to carry out such programs for fiscal year 1991.".

(d) INCREASE IN IN-KIND STATE EXPENDITURES ACCEPTED FOR THE JOBS PROGRAM.—

(1) IN GENERAL.—Section 403(l)(1)(B) of such Act (42 U.S.C. 603(l)(1)(B)) is amended by inserting "an amount equal to 125 percent of" before "the amount".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to expenditures on or after October 1, 1992.

SEC. 1302. MODIFICATION OF THE 20-HOUR RULE.

Section 403(l)(3)(D) of the Social Security Act (42 U.S.C. 603(l)(3)(D)) is amended—

(1) by inserting "(i)" after "(D)";

(2) by inserting ", and, at the option of the State, in accordance with the requirements of clause (ii) or (iii) (but not both) which the State may apply in a uniform manner or on a case-by-case basis" before the period; and

(3) by adding at the end the following:

"(ii) For purposes of this paragraph, each hour of classroom instruction of an individual who is satisfactorily participating in educational activities shall be considered 2 hours of participation in the program under part F.

"(iii)(I) For purposes of this paragraph, an individual shall be determined to have participated in the program under part F if the individual is enrolled full-time, and is making satisfactory progress, in full-time educational activities under the program.

"(II) For purposes of subclause (I), an individual shall be treated as enrolled in educational activities on a full-time basis if and only if the individual is enrolled for a sufficient number of credit hours for the educational institution involved to regard the individual as a full-time student.

"(III) For purposes of subclause (I), an individual shall be treated as making satisfactory progress in educational activities if and only if the individual is maintaining a grade point average which of not less than the minimum required by the educational institution involved, within the time frames specified by the educational institution.".

SEC. 1303. INCREASE IN AFDC RESOURCE LIMIT.

(a) INCREASE IN RESOURCE LIMIT.—Section 402(a)(7)(B) of the Social Security Act (42 U.S.C. 602(a)(7)(B)) is amended—

(1) by striking "or (iv)" and inserting "(iv)"; and

(2) by inserting ", or (v) at the option of the State, in the case of a family receiving aid under the plan (and a family not receiving such aid but which received such aid in at least 1 of the preceding 4 months or became ineligible for such aid during the preceding 12 months because of excessive earnings), resources the combined value of which is not less than $1,000 and not more than $10,000, which have been retained to improve the education, training, or employability (including self-employment) of a member of the family, or for the purchase or rental of a home for the family, but excluding any resource (or interest therein) owned by a family member within the preceding 12 months, which was disposed of for less than fair market value for the purpose of establishing eligibility for such aid, unless the family demonstrates that the exclusive purpose of the disposition was other than becoming or remaining eligible for such aid" before the semicolon.

(b) REPORT TO THE CONGRESS.—Within 3 months after the date of the enactment of this section, the Secretary of Health and Human Services shall submit to the Congress a report on—

(1) the need to revise the limitation, established in regulations pursuant to section 402(a)(7)(B)(i) of the Social Security Act, on the value of a family automobile required to be disregarded by a State in determining the eligibility of the family for aid to families with dependent children under the State plan approved under part A of title IV of such Act; and

(2) the extent to which such a revision would increase the employability of recipients of such aid.

(c) COORDINATION WITH OTHER FEDERAL MEANS-TESTED PROGRAMS.—The Secretary of Health and Human Services shall, to the maximum extent possible, coordinate any revision of the regulatory limitation described in subsection (b)(1) with other Federal programs which provide benefits based on the means of the beneficiary.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on October 1, 1992.

SEC. 1304. TREATMENT OF MICROENTERPRISES UNDER THE AFDC PROGRAM.

(a) STATE PLAN REQUIREMENTS.—Section 402(a) of the Social Security Act (42 U.S.C. 602(a)) is amended—

(1) by striking "and" at the end of paragraph (44);

(2) by striking the period at the end of paragraph (45) and inserting "; and"; and

(3) by inserting after paragraph (45) the following:

"(46) provide that the State agency—

"(A)(i) must not include as a resource of the family of which a child referred to in paragraph (7)(A) is a member, for purposes of paragraph (7)(B), the first $10,000 of the net worth (assets reduced by liabilities with respect thereto) of all microenterprises (as defined in section 406(i)(1)) owned, in whole or in part, by the child or by a relative or other individual referred to in paragraph (7)(A); and

"(ii) must take into consideration as earned income of the family of which the child is a member, only the net profits (as defined in section 406(i)(2)) of such microenterprises; and

"(B) must ensure that caseworkers are able to properly advise recipients of aid under the State plan of the option of microenterprise as a legitimate route towards self-sufficiency, and that caseworkers encourage recipients of such aid who are interested in starting a microenterprise to participate in a program designed to assist them in such effort.".

(b) DEFINITIONS.—Section 406 of such Act (42 U.S.C. 606) is amended by adding at the end the following:

"(i)(1) The term 'microenterprise' means a commercial enterprise which has 5 or fewer employees, 1 or more of whom owns the enterprise.

"(2) The term 'net profits' means, with respect to a microenterprise, the gross receipts of the business, minus—

"(A) amounts paid as principal or interest on a loan to the microenterprise;

"(B) transportation expenses;

"(C) inventory costs;

"(D) amounts expended to purchase capital equipment;

"(E) cash retained by the microenterprise for future use by the business;

"(F) taxes paid by reason of the business;

"(G) if the business is covered under a policy of insurance against loss—

"(i) the premiums paid for such insurance; and

"(ii) the losses incurred by the business that are not reimbursed by the insurer solely by reason of the existence of a deductible with respect to the insurance policy;

"(H) the reasonable costs of obtaining 1 motor vehicle necessary for the conduct of the business; and

"(I) the other expenses of the business.".

(c) INCLUSION OF MICROENTERPRISE TRAINING AND ACTIVITIES IN THE JOBS PROGRAM.—

(1) IN GENERAL.—Section 482(d)(1) of such Act (42 U.S.C. 682(d)(1)) is amended adding at the end the following:

"(C) The services and activities referred to in subparagraph (A)—

"(i) in the case that at least 3 percent of the adult recipients of aid under the State plan approved under part A (as of the close of the immediately preceding fiscal year) elect to participate in microenterprise activities, shall include programs described in paragraph (4); or

"(ii) in the case that not more than 3 percent of the adult recipients of such aid elect to participate in microenterprise activities, may include programs described in paragraph (4).".

(2) MICROENTERPRISE PROGRAMS.—Section 482(d) of such Act (42 U.S.C. 682(d)) is amended by adding at the end the following:

"(4) The programs described in this paragraph are programs of public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by—

"(A) providing technical assistance, advice, and business support services (including assistance, advice, and support relating to business planning, financing, marketing, and other microenterprise development activities) to owners of microenterprises and persons developing microenterprises; and

"(B) providing general support (such as peer support and self-esteem programs) to owners of microenterprises and persons developing microenterprises.".

(d) ADJUSTMENT OF PERFORMANCE STANDARDS FOR MICROENTERPRISES TO TAKE ACCOUNT OF TIME REQUIRED FOR THEIR ESTABLISHMENT.—Section 487(a)(2) of such Act (42 U.S.C. 687(a)(2)) is amended by inserting "shall be adjusted with respect to microenterprises to reflect the time required to establish, and develop a stable income from, such an enterprise as part of a plan to move toward economic self-sufficiency," after "dependency,".

(e) STUDY TO IDENTIFY ADMINISTRATIVE BARRIERS TO DEVELOPMENT OF MICROENTERPRISES AMONG INTERESTED AFDC RECIPIENTS.—The Secretary of Health and Human Services shall conduct a study to identify the administrative and bureaucratic barriers that impede the development of microenterprises by recipients of aid to families with dependent children under the State plans approved under part A of title IV of the Social Security Act who desire to move toward self-sufficiency, and, not later than 1 year after the date of the enactment of this section, shall report the results of the study to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to payments under part A of title IV of the Social Security Act for calendar quarters beginning on or after October 1, 1992.

SEC. 1305. TREATMENT OF STUDENT EARNINGS UNDER THE AFDC PROGRAM.

(a) EXEMPTION FROM RESOURCES OF EXEMPT EARNINGS OF A CHILD.—Section 402(a)(7)(B) of the Social Security Act (42 U.S.C. 602(a)(7)(B)), as amended by section 1303(a) of this Act, is amended—

(1) by striking "or" at the end of clause (iv); and

(2) by inserting ", or (vi) the earned income of any child to the extent disregarded under paragraph (8)" before the semicolon.

(b) EXEMPT EARNINGS OF A CHILD TO BE DISREGARDED IN DETERMINING WHETHER FAMILY INCOME EXCEEDS NEED STANDARD.—Section 402(a)(18) of such Act (42 U.S.C. 602(a)(18)) is amended by striking "paragraph (8)(A)(v) or 8(A)(viii)" and inserting "clause (i), (v), or (viii) of paragraph (8)(A)".

(c) DISREGARD OF EARNINGS OF STUDENTS AND INCOME OF DEPENDENT CHILD FROM A JTPA PROGRAM.—Section 402(a)(8)(A) of such Act (42 U.S.C. 602(a)(8)(A)) is amended—

(1) in clause (i), by inserting "(including a child (whether or not married) who has not attained the age of 20 years)" after "dependent child"; and

(2) in clause (v)—

(A) by striking "may" and inserting "shall";

(B) by inserting "(including any child (whether or not married) who has not attained the age of 20 years)" after "dependent child"; and

(C) by striking "time (not to exceed six months with respect to earned income)" and inserting "time,".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1992.

TITLE II—GROWTH INCENTIVES

Subtitle A—Temporary Extension of Certain Expiring Tax Provisions

SEC. 2001. RESEARCH CREDIT.

(a) IN GENERAL.—Subsection (h) of section 41 (relating to credit for increasing research activities) is amended—

(1) by striking "June 30, 1992" and inserting "December 31, 1993", and

(2) by striking "July 1, 1992" and inserting "January 1, 1994".

(b) CONFORMING AMENDMENT.—Subparagraph (D) of section 28(b)(1) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after June 30, 1992.

SEC. 2002. EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Subsection (d) of section 127 (relating to educational assistance programs) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 103(a) of the Tax Extension Act of 1991 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after June 30, 1992.

SEC. 2003. EMPLOYER-PROVIDED GROUP LEGAL SERVICES PLANS.

(a) IN GENERAL.—Subsection (e) of section 120 (relating to amounts received under qualified group legal services plans) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 104(a) of the Tax Extension Act of 1991 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after June 30, 1992.

SEC. 2004. EXCISE TAX ON CERTAIN VACCINES.

(a) TAX.—Paragraphs (2) and (3) of section 4131(c) (relating to tax on certain vaccines) are each amended by striking "1992" each place it appears and inserting "1994".

(b) TRUST FUND.—Paragraph (1) of section 9510(c) (relating to expenditures from Vaccine Injury Compensation Trust Fund) is amended by striking "1992" and inserting "1994".

(c) STUDY.—The Secretary of the Treasury, in consultation with the Secretary of Health and Human Services, shall conduct a study of—

(1) the estimated amount that will be paid from the Vaccine Injury Compensation Trust Fund with respect to vaccines administered after September 30, 1988, and before October 1, 1994,

(2) the rates of vaccine-related injury or death with respect to the various types of such vaccines,

(3) new vaccines and immunization practices being developed or used for which amounts may be paid from such Trust Fund,

(4) whether additional vaccines should be included in the vaccine injury compensation program, and

(5) the appropriate treatment of vaccines produced by State governmental entities.

The report of such study shall be submitted not later than January 1, 1994, to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

SEC. 2005. CERTAIN TRANSFERS TO RAILROAD RETIREMENT ACCOUNT.

Subsection (c)(1)(A) of section 224 of the Railroad Retirement Solvency Act of 1983 (relating to section 72(r) revenue increase transferred to certain railroad accounts) is amended by striking "with respect to benefits received before October 1, 1992".

SEC. 2006. HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (6) of section 162(l) (relating to special rules for health insurance costs of self-employed individuals) is amended by striking "June 30, 1992" and inserting "December 31, 1992".

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 110(a) of the Tax Extension Act of 1991 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after June 30, 1992.

Subtitle B—Investment in Real Estate

PART I—MODIFICATION OF PASSIVE LOSS RULES

SEC. 2101. APPLICATION OF PASSIVE LOSS RULES TO RENTAL REAL ESTATE ACTIVITIES.

(a) RENTAL REAL ESTATE ACTIVITIES OF PERSONS IN REAL PROPERTY BUSINESS NOT AUTOMATICALLY TREATED AS PASSIVE ACTIVITIES.—Subsection (c) of section 469 (defining passive activity) is amended by adding at the end thereof the following new paragraph:

"(7) SPECIAL RULES FOR TAXPAYERS IN REAL PROPERTY BUSINESS—

"(A) IN GENERAL.—If this paragraph applies to any taxpayer for a taxable year—

"(i) paragraph (2) shall not apply to any rental real estate activity of such taxpayer for such taxable year, and

"(ii) this section shall be applied as if each interest of the taxpayer in rental real estate were a separate activity.

Notwithstanding clause (ii), a taxpayer may elect to treat all interests in rental real estate as one activity. Nothing in the preceding provisions of this subparagraph shall be construed as affecting the determination of whether the taxpayer materially participates with respect to any interest in a limited partnership as a limited partner.

"(B) TAXPAYERS TO WHOM PARAGRAPH APPLIES.—This paragraph shall apply to a taxpayer for a taxable year if more than one-half of the personal services performed in trades or businesses by the taxpayer during such taxable year are performed in real property trades or businesses in which the taxpayer materially participates.

"(C) REAL PROPERTY TRADE OR BUSINESS.—For purposes of this paragraph, the term 'real property trade or business' means any real property development, redevelopment,

construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business.

"(D) SPECIAL RULES FOR SUBPARAGRAPH (B).—

"(i) CLOSELY HELD C CORPORATIONS.—In the case of a closely held C corporation, the requirements of subparagraph (B) shall be treated as met for any taxable year if more than 50 percent of the gross receipts of such corporation for such taxable year are derived from real property trades or businesses in which the corporation materially participates.

"(ii) PERSONAL SERVICES AS AN EMPLOYEE.—For purposes of subparagraph (B), personal services performed as an employee shall not be treated as performed in real property trades or businesses. The preceding sentence shall not apply if such employee is a 5-percent owner (as defined in section 416(i)(1)(B)) in the employer."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 469(c) is amended by striking "The" and inserting "Except as provided in paragraph (7), the".

(2) Clause (iv) of section 469(i)(3)(E) is amended by inserting "or any loss allowable by reason of subsection (c)(7)" after "loss"

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

PART II—PROVISIONS RELATING TO REAL ESTATE INVESTMENTS BY PENSION FUNDS

SEC. 2111. REAL ESTATE PROPERTY ACQUIRED BY A QUALIFIED ORGANIZATION.

(a) MODIFICATIONS OF EXCEPTIONS.—Paragraph (9) of section 514(c) (relating to real property acquired by a qualified organization) is amended by adding at the end thereof the following new subparagraphs:

"(G) SPECIAL RULES FOR PURPOSES OF THE EXCEPTIONS.—Except as otherwise provided by regulations—

"(i) SMALL LEASES DISREGARDED.—For purposes of clauses (iii) and (iv) of subparagraph (B), a lease to a person described in such clause (iii) or (iv) shall be disregarded if no more than 25 percent of the leasable floor space in a building is covered by the lease and if the lease is on commercially reasonable terms.

"(ii) COMMERCIALLY REASONABLE FINANCING.—Clause (v) of subparagraph (B) shall not apply if the financing is on commercially reasonable terms.

"(H) QUALIFYING SALES BY FINANCIAL INSTITUTIONS.—

"(i) IN GENERAL.—In the case of a qualifying sale by a financial institution, except as provided in regulations, clauses (i) and (ii) of subparagraph (B) shall not apply with respect to financing provided by such institution for such sale.

"(ii) QUALIFYING SALE.—For purposes of this clause, there is a qualifying sale by a financial institution where—

"(I) a qualified organization acquires property described in clause (iii) from a financial institution and the property is not a capital asset in the hands of the financial institution,

"(II) the stated principal amount of the financing provided by the financial institution does not exceed the amount of the outstanding indebtedness (including accrued but unpaid interest) of the financial institution with respect to the property described in clause (iii) immediately before the acquisition referred to in clause (iii) or (v), whichever is applicable, and

"(III) the value (determined as of the time of the sale) of the amount pursuant to the financing that is determined by reference to the revenue, income, or profits derived from the property does not exceed 30 percent of the value of the property (determined as of such time).

"(iii) PROPERTY TO WHICH SUBPARAGRAPH APPLIES.—Property is described in this clause if such property is foreclosure property, or is real property which—

"(I) was acquired by the qualified organization from a financial institution which is in conservatorship or receivership, or from the conservator or receiver of such an institution, and

"(II) was held by the financial institution at the time it entered into conservatorship or receivership.

"(iv) FINANCIAL INSTITUTION.—For purposes of this subparagraph, the term 'financial institution' means—

"(I) any financial institution described in section 581 or 591(a),

"(II) any other corporation which is a direct or indirect subsidiary of an institution referred to in subclause (I) but only if, by virtue of being affiliated with such institution, such other corporation is subject to supervision and examination by a Federal or State agency which regulates institutions referred to in subclause (I), and

"(III) any person acting as a conservator or receiver of an entity referred to in subclause (I) or (II).

"(v) FORECLOSURE PROPERTY.—For purposes of this subparagraph, the term 'foreclosure property' means any real property acquired by the financial institution as the result of having bid on such property at foreclosure, or by operation of an agreement or process of law, after there was a default (or a default was imminent) on indebtedness which such property secured."

(b) CONFORMING AMENDMENT.—Paragraph (9) of section 514(c) is amended—

(1) by adding the following new sentence at the end of subparagraph (A): "For purposes of this paragraph, an interest in a mortgage shall in no event be treated as real property.", and

(2) by striking the last sentence of subparagraph (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to acquisitions on or after June 25, 1992.

SEC. 2112. SPECIAL RULES FOR INVESTMENTS IN PARTNERSHIPS.

(a) MODIFICATION TO ANTI-ABUSE RULES.—Paragraph (9) of section 514(c) (as amended by section 2211) is amended by adding at the end thereof the following new subparagraph:

"(J) PARTNERSHIPS NOT INVOLVING TAX AVOIDANCE.—

"(i) DE MINIMIS RULE FOR CERTAIN LARGE PARTNERSHIPS.—The provisions of subparagraph (B) shall not apply to an investment in a partnership having at least 250 partners if—

"(I) interests in such partnership were offered for sale in an offering registered with the Securities and Exchange Commission,

"(II) at least 50 percent of each class of interests in such partnership is owned by individuals who are not disqualified persons, and

"(III) the principal purpose of partnership allocations is not tax avoidance.

The Secretary may disregard inadvertent failures to meet the requirements of subclause (II).

"(ii) DISQUALIFIED PERSONS.—For purposes of this subparagraph, the term 'disqualified person' means any person described in clause (iii) or (iv) of subparagraph (B) and any person who is not a United States person."

(b) REPEAL OF SPECIAL TREATMENT OF PUBLICLY TRADED PARTNERSHIPS.—Subsection (c) of section 512 is amended—

(1) by striking paragraph (2),

(2) by redesignating paragraph (3) as paragraph (2), and

(3) by striking "paragraph (1) or (2)" in paragraph (2) (as so redesignated) and inserting "paragraph (1)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership interests acquired on or after June 25, 1992.

SEC. 2113. TITLE-HOLDING COMPANIES PERMITTED TO RECEIVE SMALL AMOUNTS OF UNRELATED BUSINESS TAXABLE INCOME.

(a) GENERAL RULE.—Paragraph (25) of section 501(c) is amended by adding at the end thereof the following new subparagraph:

"(G)(i) An organization shall not be treated as failing to be described in this paragraph merely by reason of the receipt of any income which is incidentally derived from the holding of real property.

"(ii) Clause (i) shall not apply if the amount of gross income described in such clause exceeds 10 percent of the organization's gross income for the taxable year unless the organization establishes to the satisfaction of the Secretary that the receipt of gross income described in clause (i) in excess of such limitation was inadvertent and reasonable steps are being taken to correct the circumstances giving rise to such income."

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 501(c) is amended by adding at the end thereof the following new sentence: "Rules similar to the rules of subparagraph (G) of paragraph (25) shall apply for purposes of this paragraph."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 2114. EXCLUSION FROM UNRELATED BUSINESS TAX OF GAINS FROM CERTAIN PROPERTY.

(a) GENERAL RULE.—Subsection (b) of section 512 (relating to modifications) is amended by adding at the end thereof the following new paragraph:

"(16)(A) Notwithstanding paragraph (5)(B), there shall be excluded all gains or losses from the sale, exchange, or other disposition of any real property described in subparagraph (B) if—

"(i) such property was acquired by the organization from—

"(I) a financial institution described in section 581 or 591(a) which is in conservatorship or receivership, or

"(II) the conservator or receiver of such an institution,

"(ii) such property is designated by the organization within the 6-month period beginning on the date of its acquisition as property held for sale, except that not more than one-third (by value determined as of such date) of property acquired in a single transaction may be so designated,

"(iii) such sale, exchange, or disposition occurs before the later of—

"(I) the date which is 30 months after the date of the acquisition of such property, or

"(II) the date specified by the Secretary in order to assure an orderly disposition of property held by persons described in subparagraph (A), and

"(iv) while such property was held by the organization, such property was not substantially improved or renovated and there were no significant development activities with respect to such property.

"(B) Property is described in this subparagraph if it is real property which—

"(i) was held by the financial institution at the time it entered into conservatorship or receivership, or

"(ii) was foreclosure property (as defined in section 514(c)(9)(H)(v)) which secured indebtedness held by the financial institution at such time.

For purposes of this subparagraph, real property includes an interest in a mortgage."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to property acquired on or after June 25, 1992.

SEC. 2115. EXCLUSION FROM UNRELATED BUSINESS TAX OF CERTAIN FEES AND OPTION PREMIUMS.

(a) LOAN COMMITMENT FEES.—Paragraph (1) of section 512(b) (relating to modifications) is amended by inserting "amounts received or accrued as consideration for entering into agreements to make loans," before "and annuities".

(b) OPTION PREMIUMS.—The second sentence of section 512(b)(5) is amended by inserting "or real property" before the period.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received on or after June 25, 1992.

SEC. 2116. TREATMENT OF PENSION FUND INVESTMENTS IN REAL ESTATE INVESTMENT TRUSTS.

(a) GENERAL RULE.—Subsection (h) of section 856 (relating to closely held determinations) is amended by adding at the end thereof the following new paragraph:

"(3) TREATMENT OF TRUSTS DESCRIBED IN SECTION 401(a).—

"(A) LOOK-THRU TREATMENT.—

"(i) IN GENERAL.—Except as provided in clause (ii), in determining whether the stock ownership requirement of section 542(a)(2) is met for purposes of paragraph (1)(A), any stock held by a qualified trust shall be treated as held directly by its beneficiaries in proportion to their actuarial interests in such trust and shall not be treated as held by such trust.

"(ii) CERTAIN RELATED TRUSTS NOT ELIGIBLE.—Clause (i) shall not apply to any qualified trust if one or more disqualified persons (as defined in section 4975(e)(2), without regard to subparagraphs (B) and (I) thereof) with respect to such qualified trust hold in the aggregate 5 percent or more in value of the interests in the real estate investment trust and such real estate investment trust has accumulated earnings and profits attributable to any period for which it did not qualify as a real estate investment trust.

"(B) COORDINATION WITH PERSONAL HOLDING COMPANY RULES.—If any entity qualifies as a real estate investment trust for any taxable year by reason of subparagraph (A), such entity shall not be treated as a personal holding company for such taxable year for purposes of part II of subchapter G of this chapter.

"(C) TREATMENT FOR PURPOSES OF UNRELATED BUSINESS TAX.—If any qualified trust holds more than 10 percent (by value) of the interests in any pension-held REIT at any time during a taxable year, the trust shall be treated as having for such taxable year gross income from an unrelated trade or business in an amount which bears the same ratio to the aggregate dividends paid (or treated as paid) by the REIT to the trust for the taxable year of the REIT with or within which the taxable year of the trust ends (the 'REIT year') as—

"(i) the gross income of the REIT for the REIT year from unrelated trades or businesses (determined as if the REIT were a qualified trust), bears to

"(ii) the gross income of the REIT for the REIT year.

This subparagraph shall apply only if the ratio determined under the preceding sentence is at least 5 percent.

"(D) PENSION-HELD REIT.—The purposes of subparagraph (C)—

"(i) IN GENERAL.—A real estate investment trust is a pension-held REIT if such trust would not have qualified as a real estate investment trust but for the provisions of this paragraph and if such trust is predominantly held by qualified trusts.

"(ii) PREDOMINANTLY HELD.—For purposes of clause (i), a real estate investment trust is predominantly held by qualified trusts if—

"(I) at least 1 qualified trust holds more than 25 percent (by value) of the interests in such real estate investment trust, or

"(II) 1 or more qualified trusts (each of whom owns more than 10 percent by value of the interests in such real estate investment trust) hold in the aggregate more than 50 percent (by value) of the interests in such real estate investment trust.

"(E) QUALIFIED TRUST.—For purposes of this paragraph, the term 'qualified trust' means any trust described in section 401(a) and exempt from tax under section 501(a)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1991.

Subtitle C—Modifications to Minimum Tax

SEC. 2201. TEMPORARY REPEAL OF PREFERENCE FOR CHARITABLE CONTRIBUTIONS OF APPRECIATED PROPERTY.

(a) TEMPORARY REPEAL.—

(1) IN GENERAL.—Paragraph (6) of section 57(a) is amended by adding at the end thereof the following new subparagraph:

"(C) APPPLICATION OF PARAGRAPH.—This paragraph shall not apply to any contribution made after December 31, 1991, and before January 1, 1994."

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 57(a)(6) is amended by striking the last sentence.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after December 31, 1991.

(b) ADVANCE DETERMINATION OF VALUE OF CHARITABLE GIFTS.—

(1) IN GENERAL.—The Secretary of the Treasury or his delegate shall develop a procedure under which taxpayers may elect to seek an agreement with the Secretary as to the value of tangible personal property prior to the donation of such property to a qualifying charitable organization if the time limits for the donation and other conditions contained in the agreement are satisfied.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives on the development of the procedure referred to in paragraph (1), including the setting of possible threshold amounts for claimed value (and the payment of fees) by a taxpayer in order to seek agreement under the procedure, possible limitations on applying the procedure only to items with significant artistic or cultural value, and recommendations for legislative action needed to implement the proposed procedure.

(c) STUDY OF SPONSORSHIP PAYMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury or his delegate shall conduct a study of the tax treatment of sponsorship payments received by tax-exempt organizations from corporations and other sponsors in connection with athletic and other events, including the ramifications of Announcement 92-15, 1992—5 I.R.B. 51.

(2) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives the results of the study under paragraph (1).

SEC. 2202. ELIMINATION OF ACE DEPRECIATION ADJUSTMENT.

(a) IN GENERAL.—Clause (i) of section 56(g)(4)(A) (relating to depreciation adjustments for computing adjusted current earnings) is amended by adding at the end the following new sentence: "The preceding sentence shall not apply to property placed in service in a taxable year beginning after the date of the enactment of the Revenue Act of 1992, and the depreciation deduction with respect to such property shall be determined under the rules of subsection (a)(1)(A)."

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to property placed in service in taxable years beginning after the date of the enactment of this Act.

(2) COORDINATION WITH TRANSITIONAL RULES.—The amendments made by this section shall not apply to any property to which paragraph (1) of section 56(a) of the Internal Revenue Code of 1986 does not apply by reason of subparagraph (C)(i) of such paragraph (1).

Subtitle D—Repeal of Certain Luxury Excise Taxes; Imposition of Tax on Diesel Fuel Used in Noncommercial Boats

SEC. 2301. REPEAL OF LUXURY EXCISE TAXES OTHER THAN ON PASSENGER VEHICLES.

(a) IN GENERAL.—Subchapter A of chapter 31 (relating to retail excise taxes) is amended to read as follows:

"Subchapter A—Luxury Passenger Automobiles

"Sec. 4001. Imposition of tax.

"Sec. 4002. 1st retail sale; uses, etc. treated as sales; determination of price.

"Sec. 4003. Special rules.

"SEC. 4001. IMPOSITION OF TAX.

"(a) IMPOSITION OF TAX.—There is hereby imposed on the 1st retail sale of any passenger vehicle a tax equal to 10 percent of the price for which so sold to the extent such price exceeds $30,000.

"(b) PASSENGER VEHICLE.—

"(1) IN GENERAL.—For purposes of this subchapter, the term 'passenger vehicle' means any 4-wheeled vehicle—

"(A) which is manufactured primarily for use on public streets, roads, and highways, and

"(B) which is rated at 6,000 pounds unloaded gross vehicle weight or less.

"(2) SPECIAL RULES.—

"(A) TRUCKS AND VANS.—In the case of a truck or van, paragraph (1)(B) shall be applied by substituting 'gross vehicle weight' for 'unloaded gross vehicle weight'.

"(B) LIMOUSINES.—In the case of a limousine, paragraph (1) shall be applied without regard to subparagraph (B) thereof.

"(c) EXCEPTIONS FOR TAXICABS, ETC.—The tax imposed by this section shall not apply to the sale of any passenger vehicle for use by the purchaser exclusively in the active conduct of a trade or business of transporting persons or property for compensation or hire.

"(d) EXEMPTION FOR LAW ENFORCEMENT USES, ETC.—No tax shall be imposed by this section on the sale of any passenger vehicle—

"(1) to the Federal Government, or a State or local government, for use exclusively in

police, firefighting, search and rescue, or other law enforcement or public safety activities, or in public works activities, or

"(2) to any person for use exclusively in providing emergency medical services.

"(e) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—In the case of any calendar year after 1991, the $30,000 amount in subsection (a) and section 4003(a) shall be increased by an amount equal to—

"(A) $30,000, multiplied by

"(B) the cost-of-living adjustment under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 1990' for 'calendar year 1989' in subparagraph (B) thereof.

"(2) ROUNDING.—If any amount as adjusted under paragraph (1) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100 (or, if such amount is a multiple of $50 and not of $100, such amount shall be rounded to the next highest multiple of $100).

"(f) TERMINATION.—The tax imposed by this section shall not apply to any sale or use after December 31, 1999.

"SEC. 4002. 1ST RETAIL SALE; USES, ETC. TREATED AS SALES; DETERMINATION OF PRICE.

"(a) 1ST RETAIL SALE.—For purposes of this subchapter, the term '1st retail sale' means the 1st sale, for a purpose other than resale, after manufacture, production, or importation.

"(b) USE TREATED AS SALE.—

"(1) IN GENERAL.—If any person uses a passenger vehicle (including any use after importation) before the 1st retail sale of such vehicle, then such person shall be liable for tax under this subchapter in the same manner as if such vehicle were sold at retail by him.

"(2) EXEMPTION FOR FURTHER MANUFACTURE.—Paragraph (1) shall not apply to use of a vehicle as material in the manufacture or production of, or as a component part of, another vehicle taxable under this subchapter to be manufactured or produced by him.

"(3) EXEMPTION FOR DEMONSTRATION USE.—Paragraph (1) shall not apply to any use of a passenger vehicle as a demonstrator for a potential customer while the potential customer is in the vehicle.

"(4) EXCEPTION FOR USE AFTER IMPORTATION OF CERTAIN VEHICLES.—Paragraph (1) shall not apply to the use of a vehicle after importation if the user or importer establishes to the satisfaction of the Secretary that the 1st use of the vehicle occurred before January 1, 1991, outside the United States.

"(5) COMPUTATION OF TAX.—In the case of any person made liable for tax by paragraph (1), the tax shall be computed on the price at which similar vehicles are sold at retail in the ordinary course of trade, as determined by the Secretary.

"(c) LEASES CONSIDERED AS SALES.—For purposes of this subchapter—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the lease of a vehicle (including any renewal or any extension of a lease or any subsequent lease of such vehicle) by any person shall be considered a sale of such vehicle at retail.

"(2) SPECIAL RULES FOR LONG-TERM LEASES.—

"(A) TAX NOT IMPOSED ON SALE FOR LEASING IN A QUALIFIED LEASE.—The sale of a passenger vehicle to a person engaged in a passenger vehicle leasing or rental trade or business for leasing by such person in a long-term lease shall not be treated as the 1st retail sale of such vehicle.

"(B) LONG-TERM LEASE.—For purposes of subparagraph (A), the term 'long-term lease' means any long-term lease (as defined in section 4052).

"(C) SPECIAL RULES.—In the case of a long-term lease of a vehicle which is treated as the 1st retail sale of such vehicle—

"(i) DETERMINATION OF PRICE.—The tax under this subchapter shall be computed on the lowest price for which the vehicle is sold by retailers in the ordinary course of trade.

"(ii) PAYMENT OF TAX.—Rules similar to the rules of section 4217(e)(2) shall apply.

"(iii) NO TAX WHERE EXEMPT USE BY LESSEE.—No tax shall be imposed on any lease payment under a long-term lease if the lessee's use of the vehicle under such lease is an exempt use (as defined in section 4003(b)) of such vehicle.

"(d) DETERMINATION OF PRICE.—

"(1) IN GENERAL.—In determining price for purposes of this subchapter—

"(A) there shall be included any charge incident to placing the article in condition ready for use,

"(B) there shall be excluded—

"(i) the amount of the tax imposed by this subchapter,

"(ii) if stated as a separate charge, the amount of any retail sales tax imposed by any State or political subdivision thereof or the District of Columbia, whether the liability for such tax is imposed on the vendor or vendee, and

"(iii) the value of any component of such article if—

"(I) such component is furnished by the 1st user of such article, and

"(II) such component has been used before such furnishing, and

"(C) the price shall be determined without regard to any trade-in.

"(2) OTHER RULES.—Rules similar to the rules of paragraphs (2) and (4) of section 4052(b) shall apply for purposes of this subchapter.

"SEC. 4003. SPECIAL RULES.

"(a) SEPARATE PURCHASE OF VEHICLE AND PARTS AND ACCESSORIES THEREFOR.—Under regulations prescribed by the Secretary—

"(1) IN GENERAL.—Except as provided in paragraph (2), if—

"(A) the owner, lessee, or operator of any passenger vehicle installs (or causes to be installed) any part or accessory on such vehicle, and

"(B) such installation is not later than the date 6 months after the date the vehicle was 1st placed in service,

then there is hereby imposed on such installation a tax equal to 10 percent of the price of such part or accessory and its installation.

"(2) LIMITATION.—The tax imposed by paragraph (1) on the installation of any part or accessory shall not exceed 10 percent of the excess (if any) of—

"(A) the sum of—

"(i) the price of such part or accessory and its installation,

"(ii) the aggregate price of the parts and accessories (and their installation) installed before such part or accessory, plus

"(iii) the price for which the passenger vehicle was sold, over

"(B) $30,000.

"(3) EXCEPTIONS.—Paragraph (1) shall not apply if—

"(A) the part or accessory installed is a replacement part or accessory,

"(B) the part or accessory is installed to enable or assist an individual with a disability to operate the vehicle, or to enter or exit the vehicle, by compensating for the effect of such disability, or

"(C) the aggregate price of the parts and accessories (and their installation) described in paragraph (1) with respect to the vehicle does not exceed $200 (or such other amount or amounts as the Secretary may by regulation prescribe).

"(4) INSTALLERS SECONDARILY LIABLE FOR TAX.—The owners of the trade or business installing the parts or accessories shall be secondarily liable for the tax imposed by this subsection.

"(b) IMPOSITION OF TAX ON SALES, ETC., WITHIN 2 YEARS OF VEHICLES PURCHASED TAX-FREE.—

"(1) IN GENERAL.—If—

"(A) no tax was imposed under this subchapter on the 1st retail sale of any passenger vehicle by reason of its exempt use, and

"(B) within 2 years after the date of such 1st retail sale, such vehicle is resold by the purchaser or such purchaser makes a substantial nonexempt use of such vehicle,

then such sale or use of such vehicle by such purchaser shall be treated as the 1st retail sale of such vehicle for a price equal to its fair market value at the time of such sale or use.

"(2) EXEMPT USE.—For purposes of this subsection, the term 'exempt use' means any use of a vehicle if the 1st retail sale of such vehicle is not taxable under this subchapter by reason of such use.

"(c) PARTS AND ACCESSORIES SOLD WITH TAXABLE ARTICLE.—Parts and accessories sold on, in connection with, or with the sale of any passenger vehicle shall be treated as part of the vehicle.

"(d) PARTIAL PAYMENTS, ETC.—In the case of a contract, sale, or arrangement described in paragraph (2), (3), or (4) of section 4216(c), rules similar to the rules of section 4217(e)(2) shall apply for purposes of this subchapter."

(b) TECHNICAL AMENDMENTS.—

(1) Subsection (c) of section 4221 is amended by striking "4002(b), 4003(c), 4004(a)" and inserting "4001(d)".

(5) Subsection (d) of section 4222 is amended by striking "4002(b), 4003(c), 4004(a)" and inserting "4001(d)".

(3) The table of subchapters for chapter 31 is amended by striking the item relating to subchapter A and inserting the following:

"Subchapter A. Luxury passenger vehicles."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1992, except that section 4001(e) of the Internal Revenue Code of 1986 (as amended by this section) shall take effect on July 1, 1992.

SEC. 2302. TAX ON DIESEL FUEL USED IN NONCOMMERCIAL BOATS.

(a) GENERAL RULE.—

(1) Paragraph (2) of section 4092(a) (defining diesel fuel) is amended—

(A) by striking "or a diesel-powered train" and inserting ", a diesel-powered train, or a diesel-powered boat", and

(B) by adding at the end thereof the following new sentence: "Effective on and after October 1, 1997, the preceding sentence shall be applied as if it did not include a reference to a diesel-powered boat."

(2) Paragraph (1) of section 4041(a) is amended—

(A) by striking "diesel-powered highway vehicle" each place it appears and inserting "diesel-powered highway vehicle or diesel-powered boat", and

(B) by striking "such vehicle" and inserting "such vehicle or boat".

(3) Subparagraph (B) of section 4092(b)(1) is amended by striking "commercial and non-

commercial vessels" each place it appears and inserting "vessels for use in an off-highway business use (as defined in section 6421(e)(2)(B))".

(b) EXEMPTION FOR USE IN FISHERIES OR COMMERCIAL NAVIGATION.—Subparagraph (B) of section 6421(e)(2) is amended to read as follows:

"(B) USES IN BOATS.—The term 'off-highway business use' does not include any use in a motorboat; except that such term shall include any use in—

"(i) a vessel employed in the fisheries or in the whaling business, and

"(ii) in the case of diesel fuel, a boat in the active conduct of—

"(I) a trade or business of commercial fishing or transporting persons or property for compensation or hire, or

"(II) any other trade or business unless the boat is used predominantly in any activity which is of a type generally considered to constitute entertainment, amusement or recreation."

(c) RETENTION OF TAXES IN GENERAL FUND.—

(1) TAXES IMPOSED AT HIGHWAY TRUST FUND FINANCING RATE.—Paragraph (4) of section 9503(b) (relating to transfers to Highway Trust Fund) is amended—

(A) by striking "and" at the end of subparagraph (A),

(B) by striking the period at the end of subparagraph (B) and inserting ", and", and

(C) by adding at the end thereof the following new subparagraph:

"(C) there shall not be taken into account the taxes imposed by sections 4041 and 4091 on diesel fuel sold for use or used as fuel in a diesel-powered boat."

(2) TAXES IMPOSED AT LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—Subsection (b) of section 9508 (relating to transfers to Leaking Underground Storage Tank Trust Fund) is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, there shall not be taken into account the taxes imposed by sections 4041 and 4091 on diesel fuel sold for use or used as fuel in a diesel-powered boat."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1992.

Subtitle E—Credit for Portion of Employer Social Security Taxes Paid With Respect to Employee Cash Tips

SEC. 2401. CREDIT FOR PORTION OF EMPLOYER SOCIAL SECURITY TAXES PAID WITH RESPECT TO EMPLOYEE CASH TIPS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

"SEC. 45. CREDIT FOR PORTION OF EMPLOYER SOCIAL SECURITY TAXES PAID WITH RESPECT TO EMPLOYEE CASH TIPS.

"(a) GENERAL RULE.—For purposes of section 38, the employer social security credit determined under this section for the taxable year is an amount equal to the excess employer social security tax paid or incurred by the taxpayer during the taxable year.

"(b) EXCESS EMPLOYER SOCIAL SECURITY TAX.—For purposes of this section, the term 'excess employer social security tax' means any tax paid by an employer under section 3111 with respect to tips received by an employee during any month, to the extent such tips—

"(1) are deemed to have been paid by the employer to the employee pursuant to section 3121(q), and

"(2) exceed the amount by which the wages (excluding tips) paid by the employer to the employee during such month are less than the total amount which would be payable (with respect to such employment) at the minimum wage rate applicable to such individual under section 6(a)(1) of the Fair Labor Standards Act of 1938 (determined without regard to section 3(m) of such Act).

"(c) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any amount taken into account in determining the credit under this section."

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 38 (relating to current year business credit) is amended by striking "plus" at the end of paragraph (7), by striking the period at the end of paragraph (8) and inserting ", plus", and by adding at the end the following new paragraph:

"(9) the employer social security credit determined under section 45(a)."

(2) LIMITATION ON CARRYBACKS.—Subsection (d) of section 39 (relating to transitional rules) is amended by adding at the end the following new paragraph:

"(4) NO CARRYBACK OF SECTION 45 CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to the employer social security credit determined under section 45 may be carried back to a taxable year ending before the date of the enactment of section 45."

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 45. employer social security credit."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to tips received (and wages paid) after the date of the enactment of this Act.

TITLE III—OFFSETTING REVENUE INCREASES

Subtitle A—General Provisions

SEC. 3001. MARK TO MARKET ACCOUNTING METHOD FOR SECURITIES DEALERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter E of chapter 1 (relating to inventories) is amended by adding at the end thereof the following new section:

"SEC. 475. MARK TO MARKET ACCOUNTING METHOD FOR DEALERS IN SECURITIES.

"(a) GENERAL RULE.—Notwithstanding any other provision of this subpart, the following rules shall apply to securities held by a dealer in securities:

"(1) Any security which is inventory in the hands of the dealer shall be included in inventory at its fair market value.

"(2) In the case of any security which is not inventory in the hands of the dealer and which is held at the close of any taxable year—

"(A) the dealer shall recognize gain or loss as if such security were sold for its fair market value on the last business day of such taxable year, and

"(B) any gain or loss shall be taken into account for such taxable year.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence. The Secretary may provide by regulations for the application of this paragraph at times other than the times provided in this paragraph.

"(b) EXCEPTIONS.—

"(1) IN GENERAL.—Subsection (a) shall not apply to—

"(A) any security held for investment,

"(B) any security described in subsection (c)(2)(C) which is acquired (including originated) by the taxpayer in the ordinary course of a trade or business of the taxpayer and which is not held for sale,

"(C) any security which is a hedge with respect to—

"(i) a security to which subsection (a) does not apply, or

"(ii) a position, right to income, or a liability which is not a security in the hands of the taxpayer.

Except as provided in regulations, subparagraph (C) shall not apply to any security held by a person in its capacity as a dealer in securities.

"(2) IDENTIFICATION REQUIRED.—A security shall not be treated as described in subparagraph (A), (B), or (C) of paragraph (1), as the case may be, unless such security is clearly identified in the dealer's records as being described in such subparagraph before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe).

"(3) SECURITIES SUBSEQUENTLY NOT EXEMPT.—If a security ceases to be described in paragraph (1) at any time after it was identified as such under paragraph (2), subsection (a) shall apply to any changes in value of the security occurring after the cessation.

"(4) SPECIAL RULE FOR PROPERTY HELD FOR INVESTMENT.—To the extent provided in regulations, subparagraph (A) of paragraph (1) shall not apply to any security described in subparagraph (D) or (E) of subsection (c)(2) which is held by a dealer in such securities.

"(c) DEFINITIONS.—For purposes of this section—

"(1) DEALER IN SECURITIES DEFINED.—The term 'dealer in securities' means a taxpayer who—

"(A) regularly purchases securities from or sells securities to customers in the ordinary course of a trade or business; or

"(B) regularly offers to enter into, assume, offset, assign or otherwise terminate positions in securities with customers in the ordinary course of a trade or business.

"(2) SECURITY DEFINED.—The term 'security' means any—

"(A) share of stock in a corporation;

"(B) partnership or beneficial ownership interest in a widely held or publicly traded partnership or trust;

"(C) note, bond, debenture, or other evidence of indebtedness;

"(D) interest rate, currency, or equity notional principal contract;

"(E) evidence of an interest in, or a derivative financial instrument in, any security described in subparagraph (A), (B), (C), or (D), or any currency, including any option, forward contract, short position, and any similar financial instrument in such a security or currency; and

"(F) position which—

"(i) is not a security described in subparagraph (A), (B), (C), (D), or (E),

"(ii) is a hedge with respect to such a security, and

"(iii) is clearly identified in the dealer's records as being described in this subparagraph before the close of the day on which it was acquired or entered into (or such other time as the Secretary may by regulations prescribe).

Such term shall not include any contract to which section 1256(a) applies.

"(3) HEDGE.—The term 'hedge' means any position which reduces the dealer's risk of interest rate or price changes or currency fluctuations, including any position which is reasonably expected to become a hedge within 60 days after the acquisition of the position.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) CERTAIN RULES NOT TO APPLY.—The rules of sections 263(g) and 263A shall not apply to securities to which subsection (a) applies.

"(2) IMPROPER IDENTIFICATION.—If a taxpayer—

"(A) identifies any security under subsection (b)(2) as being described in subsection (b)(1) and such security is not so described, or

"(B) fails under subsection (c)(2)(F)(iii) to identify any position which is described in such subsection at the time such identification is required,

the provisions of subsection (a) shall apply to such security or position, except that any loss under this section prior to the disposition of the security or position shall be recognized only to the extent of gain previously recognized under this section (and not previously taken into account under this paragraph) with respect to such security or position.

"(e) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including rules—

"(1) to prevent the use of year-end transfers, related parties, or other arrangements to avoid the provisions of this section, and

"(2) to provide for the application of this section to any security which is a hedge which cannot be identified with a specific security, position, right to income, or liability."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 988(d) is amended—

(A) by striking "section 1256" and inserting "section 475 or 1256", and

(B) by striking "1092 and 1256" and inserting "475, 1092, and 1256".

(2) The table of sections for subpart D of part II of subchapter E of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 475. Market to market accounting method for dealers in securities."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to all taxable years ending on or after December 31, 1992.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for any taxable year—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary, and

(C)(i) 17 percent of the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account for the taxpayer's 1st taxable year ending on or after December 31, 1992,

(ii) 10 percent of such net amount shall be taken into account for each of the next 7 taxable years following the 1st taxable year referred to in clause (i), and

(iii) 6½ percent of such net amount shall be taken into account for each of the next 2 taxable years following the last taxable year referred to in clause (ii).

If the net amount determined under subparagraph (C) exceeds the net amount which would have been determined under subparagraph (C) if the taxpayer had been required by this section to change its method of accounting for its last taxable year beginning before March 20, 1992, subparagraph (C) shall not apply to such excess and such excess shall be taken into account ratably over the 4-taxable year period beginning with the 1st taxable year ending on or after December 31, 1992.

(3) UNDERPAYMENT OF ESTIMATED TAX.—In the case of any required installment the due date for which occurs before the date of the enactment of this Act, no addition to tax shall be made under section 6654 or 6655 of the Internal Revenue Code of 1986 with respect to any underpayment to the extent such underpayment was created or increased by any amendment made by, or provision of, this section. All reductions in installments by reason of the preceding sentence shall be recaptured by increasing the amount of the 1st required installment occurring on or after the date of the enactment of this Act by the amount of such reductions.

SEC. 3002. CLARIFICATION OF TREATMENT OF CERTAIN FSLIC FINANCIAL ASSISTANCE.

(a) GENERAL RULE.—For purposes of chapter 1 of the Internal Revenue Code of 1986—

(1) any FSLIC assistance with respect to any loss of principal, capital, or similar amount upon the disposition of any asset shall be taken into account as compensation for such loss for purposes of section 165 of such Code, and

(2) any FSLIC assistance with respect to any debt shall be taken into account for purposes of section 166, 585, or 593 of such Code in determining whether such debt is worthless (or the extent to which such debt is worthless) and in determining the amount of any addition to a reserve for bad debts arising from the worthlessness or partial worthlessness of such debts.

(b) FSLIC ASSISTANCE.—For purposes of this section, the term "FSLIC assistance" means any assistance (or right to assistance) with respect to a domestic building and loan association (as defined in section 7701(a)(19) of such Code without regard to subparagraph (C) thereof) under section 406(f) of the National Housing Act or section 21A of the Federal Home Loan Bank Act (or under any similar provision of law).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection—

(A) The provisions of this section shall apply to taxable years ending after March 4, 1991, but only with respect to FSLIC assistance not credited before March 4, 1991.

(B) If any FSLIC assistance not credited before March 4, 1991, is with respect to a loss sustained or charge-off in a taxable year ending before March 4, 1991, for purposes of determining the amount of any net operating loss carryover to a taxable year ending on or after March 4, 1991, the provisions of this section shall apply to such assistance for purposes of determining the amount of the net operating loss for the taxable year in which such loss was sustained or debt written off. Except as provided in the preceding sentence, this section shall not apply to any FSLIC assistance with respect to a loss sustained or charge-off in a taxable year ending before March 4, 1991.

(2) EXCEPTIONS.—The provisions of this section shall not apply to any assistance to which the amendments made by section 1401(a)(3) of the Financial Institution Reform, Recovery, and Enforcement Act of 1989 apply.

SEC. 3003. INCREASE IN RECOVERY PERIOD FOR NONRESIDENTIAL REAL PROPERTY.

(a) GENERAL RULE.—Paragraph (1) of section 168(c) (relating to applicable recovery period) is amended by striking the item relating to nonresidential real property and inserting the following:

"Nonresidential real property ..... 40 years."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply to property placed in service by the taxpayer on or after June 25, 1992.

(2) EXCEPTION.—The amendments made by this section shall not apply to property placed in service by the taxpayer before January 1, 1995, if—

(A) the taxpayer or a qualified person entered into a binding written contract to purchase or construct such property before June 25, 1992, or

(B) the construction of such property was commenced by or for the taxpayer or a qualified person before June 25, 1992.

For purposes of this paragraph, the term "qualified person" means any person who transfers his rights in such a contract or such property to the taxpayer but only if the property is not placed in service by such person before such rights are transferred to the taxpayer.

SEC. 3004. TAXATION OF PRECONTRIBUTION GAIN IN CASE OF CERTAIN DISTRIBUTIONS TO CONTRIBUTING PARTNER.

(a) GENERAL RULE.—Subpart C of part II of subchapter K of chapter 1 (relating to distributions by a partnership) is amended by adding at the end thereof the following new section:

"SEC. 737. RECOGNITION OF PRECONTRIBUTION GAIN IN CASE OF CERTAIN DISTRIBUTIONS TO CONTRIBUTING PARTNER.

"(a) GENERAL RULE.—In the case of any distribution by a partnership to a partner, such partner shall be treated as recognizing gain in an amount equal to the lesser of—

"(1) the excess (if any) of (A) the fair market value of property (other than money) received in the distribution over (B) the adjusted basis of such partner's interest in the partnership immediately before the distribution reduced (but not below zero) by the amount of money received in the distribution, or

"(2) the net precontribution gain of the partner.

Gain recognized under the preceding sentence shall be in addition to any gain recognized under section 731. The character of such gain shall be determined by reference to the proportionate character of the net precontribution gain.

"(b) NET PRECONTRIBUTION GAIN.—For purposes of this section, the term 'net precontribution gain' means the net gain (if any) which would have been recognized by the distributee partner under section 704(c)(1)(B) if all property which—

"(1) had been contributed to the partnership by the distributee partner within 5 years of the distribution, and

"(2) is held by such partnership immediately before the distribution,

had been distributed by such partnership to another partner.

"(c) BASIS RULES.—

"(1) PARTNER'S INTEREST.—The adjusted basis of a partner's interest in a partnership shall be increased by the amount of any gain recognized by such partner under subsection (a). Except for purposes of determining the amount recognized under subsection (a), such increase shall be treated as occurring immediately before the distribution.

"(2) PARTNERSHIP'S BASIS IN CONTRIBUTED PROPERTY.—Appropriate adjustments shall

be made to the adjusted basis of the partnership in the contributed property referred to in subsection (b) to reflect gain recognized under subsection (a).

"(d) EXCEPTIONS.—

"(1) DISTRIBUTIONS OF PREVIOUSLY CONTRIBUTED PROPERTY.—If any portion of the property distributed consists of property which had been contributed by the distributee partner to the partnership, such property shall not be taken into account under subsection (a)(1) and shall not be taken into account in determining the amount of the net precontribution gain. If the property distributed consists of an interest in an entity, the preceding sentence shall not apply to the extent that the value of such interest is attributable to property contributed to such entity after such interest had been contributed to the partnership.

"(2) COORDINATION WITH SECTION 751.—This section shall not apply to the extent section 751(b) applies to such distribution."

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 704(c)(1) is amended by striking out "is distributed" in the material preceding clause (i) and inserting "is distributed (directly or indirectly)".

(2) Subsection (c) of section 731 is amended—

(A) by striking "and section 751" and inserting ", section 751", and

(B) by inserting before the period at the end thereof the following: ", and section 737 (relating to recognition of precontribution gain in case of certain distributions)".

(3) The table of sections for subpart B of part II of subchapter K of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 737. Recognition of precontribution gain in case of certain distributions to contributing partner."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions on or after June 25, 1992.

SEC. 3005. ELIMINATION OF DEDUCTION FOR CLUB MEMBERSHIP FEES.

(a) IN GENERAL.—Subsection (a) of section 274 (relating to disallowance of certain entertainment, etc., expenses) is amended by adding at the end thereof the following new paragraph:

"(3) DENIAL OF DEDUCTION FOR CLUB DUES.—Notwithstanding the preceding provisions of this subsection, no deduction shall be allowed under this chapter for amounts paid or incurred for membership in any club organized for business, pleasure, recreation, or other social purpose."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 3006. EXTENSION OF TOP ESTATE AND GIFT TAX RATES.

(a) GENERAL RULE.—

(1) Subparagraph (A) of section 2001(c)(2) (relating to rate schedule) is amended by striking "1993" and inserting "1998".

(2) Subparagraph (D) of section 2001(c)(2) is amended by striking "1993" each place it appears (including in the subparagraph heading) and inserting "1998".

(3) Paragraph (3) of section 2001(c) is amended by striking "1992" and inserting "1997".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply in the case of decedents dying, and gifts made, after December 31, 1992.

SEC. 3007. MODIFICATIONS TO DEDUCTION FOR MOVING EXPENSES.

(a) DOLLAR LIMITATIONS.—

(1) IN GENERAL.—Paragraph (3) of section 217(b) is amended by striking subparagraphs (A) and (B) and inserting the following:

"(A) DOLLAR LIMITS.—The aggregate amount allowable as a deduction under subsection (a) in connection with a commencement of work shall not exceed $5,000. The aggregate amount allowable as a deduction under subsection (a) in connection with a commencement of work which is attributable to expenses described in subparagraph (C), (D), or (E) of paragraph (1) shall not exceed $3,000.

"(B) HUSBAND AND WIFE.—If a husband and wife both commence work at a new principal place of work within the same general location, subparagraph (A) shall be applied as if there was only 1 commencement of work. In the case of a husband and wife filing separate returns, subparagraph (A) shall be applied by substituting '$2,500' for '$5,000' and by substituting '$1,500' for '$3,000'."

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 217(h) is amended by inserting "and" at the end of subparagraph (A) and by striking subparagraphs (B) and (C) and inserting the following:

"(B) subsection (b)(3)(A) shall be applied as if it did not contain the last sentence thereof."

(b) REIMBURSED MOVING EXPENSES ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—

(1) IN GENERAL.—Subsection (a) of section 62 is amended by inserting after paragraph (13) the following new paragraph:

"(14) REIMBURSED MOVING EXPENSES.—The deduction allowed under section 217 for expenses in connection with any commencement of work by the taxpayer to the extent that the deduction so allowed for such expenses does not exceed the reimbursements (or other payments) included in gross income under section 82 with respect to expenses in connection with such commencement of work."

(2) UNREIMBURSED EXPENSES SUBJECT TO 2 PERCENT FLOOR.—Subsection (b) of section 67 is amended by striking paragraph (6) and redesignating the following paragraphs accordingly.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1992.

Subtitle B—Estimated Tax Provisions

SEC. 3101. INDIVIDUAL ESTIMATED TAX PROVISIONS.

(a) GENERAL RULE.—Paragraph (1) of section 6654(d) (relating to amount of required installment) is amended—

(1) by striking "100 percent" in subparagraph (B)(ii) and inserting "115 percent", and

(2) by striking subparagraphs (C), (D), (E), and (F).

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 6654(i)(1) is amended by striking "and without regard to subparagraph (C) of subsection (d)(1)".

(2) Subparagraph (A) of section 6654(j)(3) is amended by striking "and subsection (d)(1)(C)(iii) shall not apply".

(3) Paragraph (4) of section 6654(l) is amended by striking "paragraphs (1)(C)(iv) and (2)(B)(i) of subsection (d)" and inserting "subsection (d)(2)(B)(i)".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1992.

(2) ELECTION TO APPLY AMENDMENTS TO 1992 YEAR.—An individual may elect to have the amendments made by subsection (a) apply to such individual's taxable year beginning in 1992.

SEC. 3102. CORPORATE ESTIMATED TAX PROVISIONS.

(a) PERMANENT EXTENSION OF 95 PERCENT RULE.—

(1) IN GENERAL.—Subsection (d) of section 6655 (relating to amount of required installments) is amended—

(A) by striking "90 percent" each place it appears in paragraph (1)(B)(i) and inserting "95 percent",

(B) by striking "90 PERCENT" in the heading of paragraph (2) and inserting "95 PERCENT", and

(C) by striking paragraph (3).

(2) CONFORMING AMENDMENTS.—

(A) Clause (ii) of section 6655(e)(2)(B) is amended by striking the table contained therein and inserting in lieu thereof:

"In the case of the following required installments:	The applicable percentage is:
1st	23.75
2nd	47.5
3rd	71.25
4th	95."

(B) Clause (i) of section 6655(e)(3)(A) is amended by striking "90 percent" and inserting "95 percent".

(b) MODIFICATION OF PERIODS FOR APPLYING ANNUALIZATION.—

(1) Clause (i) of section 6655(e)(2)(A) is amended—

(A) by striking "or for the first 5 months" in subclause (II),

(B) by striking "or for the first 8 months" in subclause (III), and

(C) by striking "or for the first 11 months" in subclause (IV).

(2) Paragraph (2) of section 6655(e) is amended by adding at the end thereof the following new subparagraph:

"(C) ELECTION FOR DIFFERENT ANNUALIZATION PERIODS.—

"(i) If the taxpayer makes an election under this clause—

"(I) subclause (II) of subparagraph (A)(i) shall be applied by substituting '4 months' for '3 months',

"(II) subclause (III) of subparagraph (A)(i) shall be applied by substituting '7 months' for '6 months', and

"(III) subclause (IV) of subparagraph (A)(i) shall be applied by substituting '10 months' for '9 months'.

"(ii) If the taxpayer makes an election under this clause—

"(I) subclause (II) of subparagraph (A)(i) shall be applied by substituting '5 months' for '3 months',

"(II) subclause (III) of subparagraph (A)(i) shall be applied by substituting '8 months' for '6 months', and

"(III) subclause (IV) of subparagraph (A)(i) shall be applied by substituting '11 months' for '9 months'.

"(iii) An election under clause (i) or (ii) shall apply to the taxable year for which made and such an election shall be effective only if made on or before the date required for the payment of the second required installment for such taxable year."

(3) The last sentence of section 6655(f)(3)(A) is amended by striking "and subsection (e)(2)(A)" and inserting "and, except in the case of an election under subsection (e)(2)(C), subsection (e)(2)(A)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1992.

Subtitle C—Alternative Taxable Years

SEC. 3201. ELECTION OF TAXABLE YEAR OTHER THAN REQUIRED TAXABLE YEAR.

(a) LIMITATIONS ON TAXABLE YEARS WHICH MAY BE ELECTED.—Subsection (b) of section

444 (relating to limitations on taxable years which may be elected) is amended to read as follows:

"(b) TAXABLE YEAR MUST BE SAME AS REPORTING PERIOD.—If an entity has annual reports or statements—

"(1) which ascertain income, profit, or loss of the entity, and

"(2) which are—

"(A) provided to shareholders, partners, or other proprietors, or

"(B) used for credit purposes,

the entity may make an election under subsection (a) only if the taxable year elected covers the same period as such reports or statements."

(b) PERIOD OF ELECTION.—Section 444(d)(2) (relating to period of election) is amended to read as follows:

"(2) PERIOD OF ELECTION.—

"(A) IN GENERAL.—An election under subsection (a) shall remain in effect until the partnership, S corporation, or personal service corporation terminates the election and adopts the required taxable year.

"(B) CHANGE NOT TREATED AS TERMINATION.—For purposes of subparagraph (A), a change from a taxable year which is not a required taxable year to another such taxable year shall not be treated as a termination."

(c) EXCEPTION FOR TRUSTS.—Section 444(d)(3) (relating to tiered structures) is amended by adding at the end thereof the following new subparagraph:

"(C) EXCEPTION FOR CERTAIN STRUCTURES THAT INCLUDE TRUSTS.—An entity shall not be considered to be part of a tiered structure to which subparagraph (A) applies solely because a trust owning an interest in such entity is a trust all of the beneficiaries of which use a calendar year for their taxable year."

(d) REGULATIONS.—Subsection (g) of section 444 (relating to regulations) is amended to read as follows:

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section, including regulations—

"(1) to prevent the avoidance of the provisions of this section through a change in entity or form of an entity,

"(2) to prevent the carryback to any preceding taxable year of a net operating loss (or similar item) arising in any short taxable year created pursuant to an election or termination of an election under this section, and

"(3) to provide for the termination of an election under subsection (a) if an entity does not continue to meet the requirements of subsection (b)."

SEC. 3202. REQUIRED PAYMENTS FOR ENTITIES ELECTING NOT TO HAVE REQUIRED TAXABLE YEAR.

(a) ADDITIONAL REQUIRED PAYMENT.—

(1) IN GENERAL.—Section 7519(b) (defining required payment) is amended to read as follows:

"(b) REQUIRED PAYMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'required payment' means, with respect to any applicable election year of a partnership or S corporation, an amount equal to the excess (if any) of—

"(A) the adjusted highest section 1 rate, multiplied by the net base year income of the entity, over

"(B) the net required payment balance.

For purposes of paragraph (1)(A), the term 'adjusted highest section 1 rate' means the highest rate of tax in effect under section 1 as of the close of the first required taxable year ending within such year, plus 2 percentage points.

"(2) ADDITIONAL PAYMENT FOR NEW APPLICABLE ELECTION YEARS.—

"(A) IN GENERAL.—In the case of a new applicable election year, the required payment shall include, in addition to any amount determined under paragraph (1), the amount determined under subparagraph (C).

"(B) NEW APPLICABLE ELECTION YEAR.—For purposes of this section, the term 'new applicable election year' means any applicable election year—

"(i) with respect to which the preceding taxable year was not an applicable election year, or

"(ii) which covers a different period than the preceding taxable year by reason of a change described in section 444(d)(2)(B).

If any year described in the preceding sentence is a short taxable year which does not include the last day of the required taxable year, the new applicable election year shall be the taxable year following the short taxable year.

"(C) ADDITIONAL AMOUNT.—For purposes of subparagraph (A), the amount determined under this subparagraph shall be—

"(i) in the case of a year described in subparagraph (B)(i), 75 percent of the required payment for the year, and

"(ii) in the case of a year described in subparagraph (B)(ii), 75 percent of the excess (if any) of—

"(I) the required payment for the year, over

"(II) the required payment for the year which would have been computed if the change described in subparagraph (B)(ii) had not occurred.

"(D) REQUIRED PAYMENT.—For purposes of this paragraph, the term 'required payment' means the payment required by this section (determined without regard to this paragraph)."

(2) DUE DATE.—Paragraph (2) of section 7519(f) (defining due date) is amended to read as follows:

"(2) DUE DATE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the amount of any required payment for any applicable election year shall be paid on or before May 15 of the calendar year following the calendar year in which the applicable election year begins.

"(B) SPECIAL RULE WHERE NEW APPLICABLE ELECTION YEAR ADOPTED.—In the case of a new applicable election year, the portion of any required payment determined under subsection (b)(2) shall be paid on or before September 15 of the calendar year in which the applicable election year begins."

(3) PENALTIES.—

(A) IN GENERAL.—Section 7519(f)(4) (relating to penalties) is amended by adding at the end thereof the following new subparagraph:

"(D) FAILURE TO PAY ADDITIONAL AMOUNT.—In the case of any failure by any entity to pay on the date prescribed therefor the portion of any required payment described in subsection (b)(2) for any applicable election year—

"(i) subparagraph (A) shall not apply, but

"(ii) the entity shall, for purposes of this title, be treated as having terminated the election under section 444 for such year and changed to the required taxable year."

(B) CONFORMING AMENDMENT.—Section 7519(f)(4)(A) is amended by striking "In" and inserting "Except as provided in subparagraph (D), in".

(4) REFUNDS.—Section 7519(c)(2)(A) (relating to refund of payments) is amended to read as follows:

"(A) an election under section 444 is not in effect for any year but was in effect for the preceding year, or".

(5) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 7519(c) is amended—

(i) by striking "subsection (b)(2)" and inserting "subsection (b)(1)(B)", and

(ii) by striking "subsection (b)(1)" and inserting "subsection (b)(1)(A)".

(B) Subsection (d) of section 7519 is amended by striking paragraph (4) and redesignating paragraph (5) as paragraph (4).

(b) OTHER DEFINITIONS AND SPECIAL RULES.—

(1) REFUND.—Paragraph (3) of section 7519(c) (relating to date on which refund is payable) is amended in the matter preceding subparagraph (A) by striking "on the later of" and inserting "by the later of".

(2) DEFERRAL RATIO.—The last sentence of paragraph (1) of section 7519(d) is amended to read as follows: "Except as provided in regulations, the term 'deferral ratio' means the ratio which the number of months in the deferral period of the applicable election year bears to the number of months in the applicable election year."

(3) NET INCOME.—Paragraph (2) of section 7519(d) is amended by adding at the end the following new subparagraph:

"(D) EXCESS APPLICABLE PAYMENTS FOR BASE YEAR.—In the case of any new applicable election year, the net income for the base year shall be increased by the excess (if any) of—

"(i) the applicable payments taken into account in determining net income for the base year, over

"(ii) 120 percent of the average amount of applicable payments made during the first 3 taxable years preceding the base year."

(4) DEFERRAL PERIOD.—Paragraph (1) of section 7519(e) (defining deferral period) is amended to read as follows:

"(1) DEFERRAL PERIOD.—Except as provided in regulations, the term 'deferral period' means, with respect to any taxable year of the entity, the months between—

"(A) the beginning of such year, and

"(B) the close of the first required taxable year (as defined in section 444(e)) ending within such year."

(5) BASE YEAR.—

(A) IN GENERAL.—Paragraph (2)(A) of section 7519(e) (defining base year) is amended to read as follows:

"(A) BASE YEAR.—The term 'base year' means, with respect to any applicable election year, the first taxable year of 12 months (or 52–53 weeks) of the partnership or S corporation preceding such applicable election year."

(B) CONFORMING AMENDMENT.—Paragraph (2) of subsection (g) of section 7519 is amended to read as follows:

"(2) there is no base year described in subsection (e)(2)(A) or no preceding taxable year described in section 280H(c)(1)(A)(i)."

(c) INTEREST.—Section 7519(f)(3) (relating to interest) is amended to read as follows:

"(3) INTEREST.—For purposes of determining interest, any payment required by this section shall be treated as a tax, except that interest shall be allowed with respect to any refund of a payment under this section only for the period from the latest date specified in subsection (c)(3) for such refund to the actual date of payment of such refund."

SEC. 3203. LIMITATION ON CERTAIN AMOUNTS PAID TO EMPLOYEE-OWNERS OF PERSONAL SERVICE CORPORATIONS.

(a) CARRYOVER OF NONDEDUCTIBLE AMOUNTS.—Subsection (b) of section 280H (re-

lating to carryover of nondeductible amounts) is amended to read as follows:

"(b) CARRYOVER OF NONDEDUCTIBLE AMOUNTS.—Any amount not allowed as a deduction for a taxable year pursuant to subsection (a) shall be allowed as a deduction in the succeeding taxable year."

(b) MINIMUM DISTRIBUTION REQUIREMENT.—Paragraph (1) of section 280H(c) is amended to read as follows:

"(1) IN GENERAL.—A personal service corporation meets the minimum distribution requirements of this subsection if the applicable amounts paid during the deferral period of the taxable year equal or exceed the lesser of—

"(A) 110 percent of the product of—

"(i) the applicable amounts paid during the first preceding taxable year of 12 months (or 52–53 weeks), divided by 12, and

"(ii) the number of months in the deferral period of the taxable year, or

"(B) 110 percent of the amount equal to the applicable percentage of the adjusted taxable income for the deferral period of the taxable year."

(c) DISALLOWANCE OF NOL CARRYBACKS.—Subsection (e) of section 280H (relating to disallowance of net operating loss carrybacks) is amended by striking "to (or from)" and inserting "from".

(d) CONFORMING AMENDMENT.—Subparagraph (A) of section 280H(f)(3) (relating to deferral period) is amended by striking "section 444(b)(4)" and inserting "section 7519(e)(1)".

SEC. 3204. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to taxable years beginning after December 31, 1992.

TITLE IV—SIMPLIFICATION PROVISIONS

Subtitle A—Provisions Relating to Individuals

SEC. 4101. SIMPLIFICATION OF EARNED INCOME CREDIT.

(a) GENERAL RULE.—Section 32 (relating to earned income credit) is amended by striking subsections (a) and (b) and inserting the following:

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the credit percentage of so much of the taxpayer's earned income for the taxable year as does not exceed $5,714.

"(2) LIMITATION.—The amount of the credit allowable to a taxpayer under paragraph (1) for any taxable year shall not exceed the excess (if any) of—

"(A) the credit percentage of $5,714, over

"(B) the phaseout percentage of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $9,000.

"(b) PERCENTAGES.—For purposes of subsection (a)—

"(1) IN GENERAL.—Except as otherwise provided in this subsection—

"In the case of an eligible individual +with:	The credit percentage is:	The phase-out percentage is:
"1 qualifying child	23	16.43
"2 or more qualifying children	28.8	20.58.

"(2) TRANSITIONAL PERCENTAGES.—

"(A) In the case of a taxable year beginning in 1992:

"In the case of an eligible individual with:	The credit percentage is:	The phase-out percentage is:
"1 qualifying child	17.6	12.57
"2 or more qualifying children	22.2	15.84.

"(B) In the case of a taxable year beginning in 1993:

"In the case of an eligible individual with:	The credit percentage is:	The phase-out percentage is:
"1 qualifying child	18.5	13.21
"2 or more qualifying children	23.3	16.64."

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 32(i)(2) is amended—

(A) by striking "subsection (b)(1)" in clause (i) and inserting "subsection (a)", and

(B) by striking "subsection (b)(1)(B)(ii)" in clause (ii) and inserting "subsection (a)(2)".

(2) Paragraph (3) of section 162(l) is amended to read as follows:

"(3) COORDINATION WITH MEDICAL DEDUCTION.—Any amount paid by a taxpayer for insurance to which paragraph (1) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 213(a)."

(3) Section 213 is amended by striking subsection (f).

(4) Subparagraph (B) of section 3507(c)(2) is amended by striking clauses (i) and (ii) and inserting the following:

"(i) of not more than the percentage (in effect under section 32(a)(1) for an eligible individual with 1 qualifying child) of earned income not in excess of the amount of earned income taken into account under section 32(a)(1), which

"(ii) phases out between the amount of earned income at which the phaseout begins under subsection (a)(2) of section 32 and the amount of earned income at which the credit under section 32 is phased out under such subsection for an individual with 1 qualifying child, or".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 4102. SIMPLIFICATION OF RULES ON ROLLOVER OF GAIN ON SALE OF PRINCIPAL RESIDENCE.

(a) RULES RELATING TO MULTIPLE SALES WITHIN ROLLOVER PERIOD.—

(1) Section 1034 (relating to rollover of gain on sale of principal residence) is amended by striking subsection (d).

(2) Paragraph (4) of section 1034(c) is amended to read as follows:

"(4) If the taxpayer, during the period described in subsection (a), purchases more than 1 residence which is used by him as his principal residence at some time within 2 years after the date of the sale of the old residence, only the first of such residences so used by him after the date of such sale shall constitute the new residence."

(3) Subsections (h)(1) and (k) of section 1034 are each amended by striking "(other than the 2 years referred to in subsection (c)(4))".

(b) TREATMENT IN CASE OF DIVORCES.—Subsection (c) of section 1034 is amended by adding at the end thereof the following new paragraph:

"(5) If—

"(A) a residence is sold by an individual pursuant to a divorce or marital separation, and

"(B) the taxpayer used such residence as his principal residence at any time during the 2-year period ending on the date of such sale,

for purposes of this section, such residence shall be treated as the taxpayer's principal residence at the time of such sale."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales of old residences (within the meaning of section 1034 of the Internal Revenue Code of 1986) after the date of the enactment of this Act.

SEC. 4103. DE MINIMIS EXCEPTION TO PASSIVE LOSS RULES.

(a) GENERAL RULE.—Section 469 (relating to passive activity losses and credits limited) is amended—

(1) by striking subsection (m),

(2) by redesignating subsection (l) as subsection (m), and

(3) by inserting after subsection (k) the following new subsection:

"(l) DE MINIMIS EXCEPTION.—

"(1) IN GENERAL.—In the case of a natural person, subsection (a) shall not apply to the passive activity loss for any taxable year if the amount of such loss does not exceed $200.

"(2) EXCEPTION FOR ITEMS ATTRIBUTABLE TO PUBLICLY TRADED PARTNERSHIPS.—This subsection shall not apply to items treated separately under subsection (k) (and such items shall not be taken into account in determining whether paragraph (1) applies to the taxpayer for the taxable year with respect to other items).

"(3) ESTATES ELIGIBLE.—For purposes of this subsection, an estate shall be treated as a natural person with respect to any taxable year ending less than 2 years after the death of the decedent.

"(4) MARRIED INDIVIDUALS FILING SEPARATELY.—

"(A) IN GENERAL.—This subsection shall not apply to a taxpayer who—

"(i) is a married individual filing a separate return for the taxable year, and

"(ii) does not live apart from his spouse at all times during such taxable year.

"(B) LIMITATION.—Paragraph (1) shall be applied by substituting '$100' for '$200' in the case of a married individual who files a separate return for the taxable year and to whom this subsection applies after the application of subparagraph (A)."

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 56(b)(1) is amended by striking clause (ii) and redesignating the following clauses accordingly.

(2) Subsection (b) of section 58 is amended by inserting "and" at the end of paragraph (1), by striking paragraph (2), and by redesignating paragraph (3) as paragraph (2).

(2) Paragraph (4) of section 163(d) is amended by striking subparagraph (E).

(4) Subsection (d) of section 163 is amended by striking paragraph (6).

(5) Subsection (h) of section 163 is amended by striking paragraph (5).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 4104. PAYMENT OF TAX BY CREDIT CARD.

(a) GENERAL RULE.—Section 6311 is amended to read as follows:

"SEC. 6311. PAYMENT BY CHECK, MONEY ORDER, OR OTHER MEANS.

"(a) AUTHORITY TO RECEIVE.—It shall be lawful for the Secretary to receive for internal revenue taxes (or in payment for internal revenue stamps) checks, money orders, or any other commercially acceptable means that the Secretary deems appropriate, including payment by use of credit cards, to the extent and under the conditions provided in regulations prescribed by the Secretary.

"(b) ULTIMATE LIABILITY.—If a check, money order, or other method of payment so received is not duly paid, the person by whom such check, or money order, or other method of payment has been tendered shall remain liable for the payment of the tax or for the stamps, and for all legal penalties and additions, to the same extent as if such check, money order, or other method of payment had not been tendered.

"(c) LIABILITY OF BANKS AND OTHERS.—If any certified, treasurer's, or cashier's check (or other guaranteed draft), or any money order, or any other means of payment that has been guaranteed by a financial institution (such as a guaranteed credit card transaction) so received is not duly paid, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for—

"(1) the amount of such check (or draft) upon all assets of the financial institution on which drawn,

"(2) the amount of such money order upon all the assets of the issuer thereof, or

"(3) the guaranteed amount of any other transaction upon all the assets of the institution making such guarantee,

and such amount shall be paid out of such assets in preference to any other claims whatsoever against such financial institution, issuer, or guaranteeing institution, except the necessary costs and expenses of administration and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such financial institution.

"(d) PAYMENT BY OTHER MEANS.—

"(1) AUTHORITY TO PRESCRIBE REGULATIONS.—The Secretary shall prescribe such regulations as the Secretary deems necessary to receive payment by commercially acceptable means, including regulations that—

"(A) specify which methods of payment by commercially acceptable means will be acceptable,

"(B) specify when payment by such means will be considered received,

"(C) identify types of nontax matters related to payment by such means that are to be resolved by persons ultimately liable for payment and financial intermediaries, without the involvement of the Secretary, and

"(D) ensure that tax matters will be resolved by the Secretary, without the involvement of financial intermediaries.

"(2) AUTHORITY TO ENTER INTO CONTRACTS.—Notwithstanding section 3718(f) of title 31, United States Code, the Secretary is authorized to enter into contracts to obtain services related to receiving payment by other means where cost beneficial to the government and is further authorized to pay any fees required by such contracts.

"(3) SPECIAL PROVISIONS FOR USE OF CREDIT CARDS.—If use of credit cards is accepted as a method of payment of taxes pursuant to subsection (a)—

"(A) except as provided by regulations, subject to the provisions of section 6402, any refund due a person who makes a payment by use of a credit card shall be made directly to such person, notwithstanding any other provision of law or any contract made pursuant to paragraph (2),

"(B) any credit card transaction shall not be considered a 'sales transaction' under the Federal Truth-in-Lending Act (15 U.S.C. 1601 et seq.),

"(C) all nontax matters as defined by regulations prescribed under paragraph (1)(C), including billing errors as defined in section 161(b) of such Act, shall be resolved by the person tendering the credit card and the credit card issuer, without the involvement of the Secretary, and

"(D) the provisions of sections 161(e) and 170 of such Act shall not apply."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 64 is amended by striking the item relating to section 6311 and inserting the following:

"Sec. 6311. Payment by check, money order, or other means."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 4105. MODIFICATIONS TO ELECTION TO INCLUDE CHILD'S INCOME ON PARENT'S RETURN.

(a) ELIGIBILITY FOR ELECTION.—Clause (ii) of section 1(g)(7)(A) (relating to election to include certain unearned income of child on parent's return) is amended to read as follows:

"(i) such gross income is more than the amount described in paragraph (4)(A)(ii)(I) and less than 10 times the amount so described,".

(b) COMPUTATION OF TAX.—Subparagraph (B) of section 1(g)(7) (relating to income included on parent's return) is amended—

(1) by striking "$1,000" in clause (i) and inserting "twice the amount described in paragraph (4)(A)(ii)(I)", and

(2) by amending subclause (II) of clause (ii) to read as follows:

"(II) for each such child, 15 percent of the lesser of the amount described in paragraph (4)(A)(ii)(I) or the excess of the gross income of such child over the amount so described, and".

(c) MINIMUM TAX.—Subparagraph (B) of section 59(j)(1) is amended by striking "$1,000" and inserting "twice the amount in effect for the taxable year under section 63(c)(5)(A)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 4106. SIMPLIFIED FOREIGN TAX CREDIT LIMITATION FOR INDIVIDUALS.

(a) GENERAL RULE.—Section 904 (relating to limitations on foreign tax credit) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) SIMPLIFIED LIMITATION FOR CERTAIN INDIVIDUALS.—

"(1) IN GENERAL.—In the case of an individual to whom this subsection applies for any taxable year, the limitation of subsection (a) shall be the lesser of—

"(A) 25 percent of such individual's gross income for the taxable year from sources without the United States, or

"(B) the amount of the creditable foreign taxes paid or accrued by the individual during the taxable year (determined without regard to subsection (c)).

No taxes paid or accrued by the individual during such taxable year may be deemed paid or accrued in any other taxable year under subsection (c).

"(2) INDIVIDUALS TO WHOM SUBSECTION APPLIES.—This subsection shall apply to an individual for any taxable year if—

"(A) the entire amount of such individual's gross income for the taxable year from sources without the United States consists of qualified passive income,

"(B) the amount of the creditable foreign taxes paid or accrued by the individual during the taxable year does not exceed $200, and

"(C) such individual elects to have this subsection apply for the taxable year.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED PASSIVE INCOME.—The term 'qualified passive income' means any item of gross income if—

"(i) such item of income is passive income (as defined in subsection (d)(2)(A) without regard to clause (iii) thereof), and

"(ii) such item of income is shown on a payee statement furnished to the individual.

"(B) CREDITABLE FOREIGN TAXES.—The term 'creditable foreign taxes' means any taxes for which a credit is allowable under section 901; except that such term shall not include any tax unless such tax is shown on a payee statement furnished to such individual.

"(C) PAYEE STATEMENT.—The term 'payee statement' has the meaning given to such term by section 6724(d)(2).

"(D) ESTATES AND TRUSTS NOT ELIGIBLE.—This subsection shall not apply to any estate or trust."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1991.

SEC. 4107. TREATMENT OF PERSONAL TRANSACTIONS BY INDIVIDUALS UNDER FOREIGN CURRENCY RULES.

(a) GENERAL RULE.—Subsection (e) of section 988 (relating to application to individuals) is amended to read as follows:

"(e) APPLICATION TO INDIVIDUALS.—

"(1) IN GENERAL.—The preceding provisions of this section shall not apply to any section 988 transaction entered into by an individual which is a personal transaction.

"(2) EXCLUSION FOR CERTAIN PERSONAL TRANSACTIONS.—If—

"(A) nonfunctional currency is disposed of by an individual in any transaction, and

"(B) such transaction is a personal transaction,

no gain shall be recognized for purposes of this subtitle by reason of changes in exchange rates after such currency was acquired by such individual and before such disposition. The preceding sentence shall not apply if the gain which would otherwise be recognized exceeds $200.

"(3) PERSONAL TRANSACTIONS.—For purposes of this subsection, the term 'personal transaction' means any transaction entered into by an individual, except that such term shall not include any transaction to the extent that expenses properly allocable to such transaction meet the requirements of section 162 or 212 (other than that part of section 212 dealing with expenses incurred in connection with taxes)."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 4108. EXCLUSION OF COMBAT PAY FROM WITHHOLDING LIMITED TO AMOUNT EXCLUDABLE FROM GROSS INCOME.

(a) IN GENERAL.—Paragraph (1) of section 3401(a) (defining wages) is amended by inserting before the semicolon the following: "to the extent remuneration for such service is excludable from gross income under such section".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to remuneration paid after December 31, 1992.

SEC. 4109. EXPANDED ACCESS TO SIMPLIFIED INCOME TAX RETURNS.

(a) GENERAL RULE.—The Secretary of the Treasury or his delegate shall take such actions as may be appropriate to expand access to simplified individual income tax returns and otherwise simplify the individual income tax returns.

(b) REPORT.—Not later than the date 1 year after the date of the enactment of this Act,

the Secretary of the Treasury or his delegate shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, a report on his actions under subsection (a), together with such recommendations as he may deem advisable.

SEC. 4110. TREATMENT OF CERTAIN REIMBURSED EXPENSES OF RURAL MAIL CARRIERS.

(a) IN GENERAL.—Section 162 (relating to trade or business expenses) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

"(m) TREATMENT OF CERTAIN REIMBURSED EXPENSES OF RURAL MAIL CARRIERS.—

"(1) GENERAL RULE.—In the case of any employee of the United States Postal Service who performs services involving the collection and delivery of mail on a rural route and who receives qualified reimbursements for the expenses incurred by such employee for the use of a vehicle in performing such services—

"(A) the amount allowable as a deduction under this chapter for the use of a vehicle in performing such services shall be equal to the amount of such qualified reimbursements; and

"(B) such qualified reimbursements shall be treated as paid under a reimbursement or other expense allowance arrangement for purposes of section 62(a)(2)(A) (and section 62(c) shall not apply to such qualified reimbursements).

"(2) DEFINITION OF QUALIFIED REIMBURSEMENTS.—For purposes of this subsection, the term 'qualified reimbursements' means the amounts paid by the United States Postal Service to employees as an equipment maintenance allowance under the 1991 collective bargaining agreement between the United States Postal Service and the National Rural Letter Carriers' Association. Amounts paid as an equipment maintenance allowance by such Postal Service under later collective bargaining agreements that supersede the 1991 agreement shall be considered qualified reimbursements if such amounts do not exceed the amounts that would have been paid under the 1991 agreement, adjusted for changes in the Consumer Price Index (as defined in section 1(f)(5)) since 1991."

(b) TECHNICAL AMENDMENT.—Section 6008 of the Technical and Miscellaneous Revenue Act of 1988 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 4111. EXEMPTION FROM LUXURY EXCISE TAX FOR CERTAIN EQUIPMENT INSTALLED ON PASSENGER VEHICLES FOR USE BY DISABLED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (3) of section 4004(b) (relating to separate purchase of article and parts and accessories therefor) is amended—

(1) by striking "or" at the end of subparagraph (A),

(2) by redesignating subparagraph (B) as subparagraph (C), and

(3) by inserting after subparagraph (A) the following new subparagraph:

"(B) the part or accessory is installed on a passenger vehicle to enable or assist an individual with a disability to operate the vehicle, or to enter or exit the vehicle, by compensating for the effect of such disability, or".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 11221(a) of the Omnibus Budget Reconciliation Act of 1990.

Subtitle B—Pension Simplification

PART I—SIMPLIFIED DISTRIBUTION RULES

SEC. 4201. TAXABILITY OF BENEFICIARY OF QUALIFIED PLAN.

(a) IN GENERAL.—So much of section 402 (relating to taxability of beneficiary of employees' trust) as precedes subsection (g) thereof is amended to read as follows:

"SEC. 402. TAXABILITY OF BENEFICIARY OF EMPLOYEES' TRUST.

"(a) TAXABILITY OF BENEFICIARY OF EXEMPT TRUST.—Except as otherwise provided in this section, any amount actually distributed to any distributee by any employees' trust described in section 401(a) which is exempt from tax under section 501(a) shall be taxable to the distributee, in the taxable year of the distributee in which distributed, under section 72 (relating to annuities).

"(b) TAXABILITY OF BENEFICIARY OF NONEXEMPT TRUST.—

"(1) CONTRIBUTIONS.—Contributions to an employees' trust made by an employer during a taxable year of the employer which ends with or within a taxable year of the trust for which the trust is not exempt from tax under section 501(a) shall be included in the gross income of the employee in accordance with section 83 (relating to property transferred in connection with performance of services), except that the value of the employee's interest in the trust shall be substituted for the fair market value of the property for purposes of applying such section.

"(2) DISTRIBUTIONS.—The amount actually distributed or made available to any distributee by any trust described in paragraph (1) shall be taxable to the distributee, in the taxable year in which so distributed or made available, under section 72 (relating to annuities), except that distributions of income of such trust before the annuity starting date (as defined in section 72(c)(4)) shall be included in the gross income of the employee without regard to section 72(e)(5) (relating to amounts not received as annuities).

"(3) GRANTOR TRUSTS.—A beneficiary of any trust described in paragraph (1) shall not be considered the owner of any portion of such trust under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners).

"(4) FAILURE TO MEET REQUIREMENTS OF SECTION 410(b).—

"(A) HIGHLY COMPENSATED EMPLOYEES.—If 1 of the reasons a trust is not exempt from tax under section 501(a) is the failure of the plan of which it is a part to meet the requirements of section 401(a)(26) or 410(b), then a highly compensated employee shall, in lieu of the amount determined under this subsection, include in gross income for the taxable year with or within which the taxable year of the trust ends an amount equal to the vested accrued benefit of such employee (other than the employee's investment in the contract) as of the close of such taxable year of the trust.

"(B) FAILURE TO MEET COVERAGE TESTS.—If a trust is not exempt from tax under section 501(a) for any taxable year solely because such trust is part of a plan which fails to meet the requirements of section 401(a)(26) or 410(b), this subsection shall not apply by reason of such failure to any employee who was not a highly compensated employee during—

"(i) such taxable year, or

"(ii) any preceding period for which service was creditable to such employee under the plan.

"(C) HIGHLY COMPENSATED EMPLOYEE.—For purposes of this paragraph, the term 'highly compensated employee' has the meaning given such term by section 414(q).

"(c) RULES APPLICABLE TO ROLLOVERS FROM EXEMPT TRUSTS.—

"(1) EXCLUSION FROM INCOME.—If—

"(A) any portion of the balance to the credit of an employee in a qualified trust is paid to the employee in an eligible rollover distribution,

"(B) the distributee transfers any portion of the property received in such distribution to an eligible retirement plan, and

"(C) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

"(2) MAXIMUM AMOUNT WHICH MAY BE ROLLED OVER.—In the case of any eligible rollover distribution, the maximum amount transferred to which paragraph (1) applies shall not exceed the portion of such distribution which is includible in gross income (determined without regard to paragraph (1)).

"(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—Paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

"(4) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' means any distribution to an employee of all or any portion of the balance to the credit of the employee in a qualified trust; except that such term shall not include—

"(A) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made—

"(i) for the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and the employee's designated beneficiary, or

"(ii) for a specified period of 10 years or more, and

"(B) any distribution to the extent such distribution is required under section 401(a)(9).

"(5) TRANSFER TREATED AS ROLLOVER CONTRIBUTION UNDER SECTION 408.—For purposes of this title, a transfer resulting in any portion of a distribution being excluded from gross income under paragraph (1) to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B) shall be treated as a rollover contribution described in section 408(d)(3).

"(6) SALES OF DISTRIBUTED PROPERTY.—For purposes of this subsection—

"(A) TRANSFER OF PROCEEDS FROM SALE OF DISTRIBUTED PROPERTY TREATED AS TRANSFER OF DISTRIBUTED PROPERTY.—The transfer of an amount equal to any portion of the proceeds from the sale of property received in the distribution shall be treated as the transfer of property received in the distribution.

"(B) PROCEEDS ATTRIBUTABLE TO INCREASE IN VALUE.—The excess of fair market value of property on sale over its fair market value on distribution shall be treated as property received in the distribution.

"(C) DESIGNATION WHERE AMOUNT OF DISTRIBUTION EXCEEDS ROLLOVER CONTRIBUTION.—In any case where part or all of the distribution consists of property other than money—

"(i) the portion of the money or other property which is to be treated as attributable to amounts not included in gross income, and

"(ii) the portion of the money or other property which is to be treated as included in the rollover contribution,

shall be determined on a ratable basis unless the taxpayer designates otherwise. Any designation under this subparagraph for a taxable year shall be made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof). Any such designation, once made, shall be irrevocable.

"(D) NONRECOGNITION OF GAIN OR LOSS.—In the case of any sale described in subparagraph (A), to the extent that an amount equal to the proceeds is transferred pursuant to paragraph (1), neither gain nor loss on such sale shall be recognized.

"(7) SPECIAL RULE FOR FROZEN DEPOSITS.—

"(A) IN GENERAL.—The 60-day period described in paragraph (3) shall not—

"(i) include any period during which the amount transferred to the employee is a frozen deposit, or

"(ii) end earlier than 10 days after such amount ceases to be a frozen deposit.

"(B) FROZEN DEPOSITS.—For purposes of this subparagraph, the term 'frozen deposit' means any deposit which may not be withdrawn because of—

"(i) the bankruptcy or insolvency of any financial institution, or

"(ii) any requirement imposed by the State in which such institution is located by reason of the bankruptcy or insolvency (or threat thereof) of 1 or more financial institutions in such State.

A deposit shall not be treated as a frozen deposit unless on at least 1 day during the 60-day period described in paragraph (3) (without regard to this paragraph) such deposit is described in the preceding sentence.

"(8) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED TRUST.—The term 'qualified trust' means an employees' trust described in section 401(a) which is exempt from tax under section 501(a).

"(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' means—

"(i) an individual retirement account described in section 408(a),

"(ii) an individual retirement annuity described in section 408(b) (other than an endowment contract),

"(iii) a qualified trust, and

"(iv) an annuity plan described in section 403(a).

"(9) ROLLOVER WHERE SPOUSE RECEIVES DISTRIBUTION AFTER DEATH OF EMPLOYEE.—If any distribution attributable to an employee is paid to the spouse of the employee after the employee's death, the preceding provisions of this subsection shall apply to such distribution in the same manner as if the spouse were the employee; except that a trust or plan described in clause (iii) or (iv) of paragraph (8)(B) shall not be treated as an eligible retirement plan with respect to such distribution.

"(d) TAXABILITY OF BENEFICIARY OF CERTAIN FOREIGN SITUS TRUSTS.—For purposes of subsections (a), (b), and (c), a stock bonus, pension, or profit-sharing trust which would qualify for exemption from tax under section 501(a) except for the fact that it is a trust created or organized outside the United States shall be treated as if it were a trust exempt from tax under section 501(a).

"(e) OTHER RULES APPLICABLE TO EXEMPT TRUSTS.—

"(1) ALTERNATE PAYEES.—

"(A) ALTERNATE PAYEE TREATED AS DISTRIBUTEE.—For purposes of subsection (a) and section 72, an alternate payee who is the spouse or former spouse of the participant shall be treated as the distributee of any distribution or payment made to the alternate payee under a qualified domestic relations order (as defined in section 414(p)).

"(B) ROLLOVERS.—If any amount is paid or distributed to an alternate payee who is the spouse or former spouse of the participant by reason of any qualified domestic relations order (within the meaning of section 414(p)), subsection (c) shall apply to such distribution in the same manner as if such alternate payee were the employee.

"(2) DISTRIBUTIONS BY UNITED STATES TO NONRESIDENT ALIENS.—The amount includible under subsection (a) in the gross income of a nonresident alien with respect to a distribution made by the United States in respect of services performed by an employee of the United States shall not exceed an amount which bears the same ratio to the amount includible in gross income without regard to this paragraph as—

"(A) the aggregate basic pay paid by the United States to such employee for such services, reduced by the amount of such basic pay which was not includible in gross income by reason of being from sources without the United States, bears to

"(B) the aggregate basic pay paid by the United States to such employee for such services.

In the case of distributions under the civil service retirement laws, the term 'basic pay' shall have the meaning provided in section 8331(3) of title 5, United States Code.

"(3) CASH OR DEFERRED ARRANGEMENTS.—For purposes of this title, contributions made by an employer on behalf of an employee to a trust which is a part of a qualified cash or deferred arrangement (as defined in section 401(k)(2)) shall not be treated as distributed or made available to the employee nor as contributions made to the trust by the employee merely because the arrangement includes provisions under which the employee has an election whether the contribution will be made to the trust or received by the employee in cash.

"(4) NET UNREALIZED APPRECIATION.—

"(A) AMOUNTS ATTRIBUTABLE TO EMPLOYEE CONTRIBUTIONS.—For purposes of subsection (a) and section 72, in the case of a distribution other than a lump sum distribution, the amount actually distributed to any distributee from a trust described in subsection (a) shall not include any net unrealized appreciation in securities of the employer corporation attributable to amounts contributed by the employee (other than deductible employee contributions within the meaning of section 72(o)(5)). This subparagraph shall not apply to a distribution to which subsection (c) applies.

"(B) AMOUNTS ATTRIBUTABLE TO EMPLOYER CONTRIBUTIONS.—For purposes of subsection (a) and section 72, in the case of any lump sum distribution which includes securities of the employer corporation, there shall be excluded from gross income the net unrealized appreciation attributable to that part of the distribution which consists of securities of the employer corporation. In accordance with rules prescribed by the Secretary, a taxpayer may elect, on the return of tax on which a lump sum distribution is required to be included, not to have this subparagraph apply to such distribution.

"(C) DETERMINATION OF AMOUNTS AND ADJUSTMENTS.—For purposes of subparagraphs (A) and (B), net unrealized appreciation and the resulting adjustments to basis shall be determined in accordance with regulations prescribed by the Secretary.

"(D) LUMP SUM DISTRIBUTION.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'lump sum distribution' means the distribution or payment within one taxable year of the recipient of the balance to the credit of an employee which becomes payable to the recipient—

"(I) on account of the employee's death,

"(II) after the employee attains age 59½,

"(III) on account of the employee's separation from service, or

"(IV) after the employee has become disabled (within the meaning of section 72(m)(7)),

from a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501 or from a plan described in section 403(a). Subclause (III) of this clause shall be applied only with respect to an individual who is an employee without regard to section 401(c)(1), and subclause (IV) shall be applied only with respect to an employee within the meaning of section 401(c)(1). For purposes of this clause, a distribution to two or more trusts shall be treated as a distribution to one recipient. For purposes of this paragraph, the balance to the credit of the employee does not include the accumulated deductible employee contributions under the plan (within the meaning of section 72(o)(5)).

"(ii) AGGREGATION OF CERTAIN TRUSTS AND PLANS.—For purposes of determining the balance to the credit of an employee under clause (i)—

"(I) all trusts which are part of a plan shall be treated as a single trust, all pension plans maintained by the employer shall be treated as a single plan, all profit-sharing plans maintained by the employer shall be treated as a single plan, and all stock bonus plans maintained by the employer shall be treated as a single plan, and

"(II) trusts which are not qualified trusts under section 401(a) and annuity contracts which do not satisfy the requirements of section 404(a)(2) shall not be taken into account.

"(iii) COMMUNITY PROPERTY LAWS.—The provisions of this paragraph shall be applied without regard to community property laws.

"(iv) AMOUNTS SUBJECT TO PENALTY.—This paragraph shall not apply to amounts described in subparagraph (A) of section 72(m)(5) to the extent that section 72(m)(5) applies to such amounts.

"(v) BALANCE TO CREDIT OF EMPLOYEE NOT TO INCLUDE AMOUNTS PAYABLE UNDER QUALIFIED DOMESTIC RELATIONS ORDER.—For purposes of this paragraph, the balance to the credit of an employee shall not include any amount payable to an alternate payee under a qualified domestic relations order (within the meaning of section 414(p)).

"(vi) TRANSFERS TO COST-OF-LIVING ARRANGEMENT NOT TREATED AS DISTRIBUTION.—For purposes of this paragraph, the balance to the credit of an employee under a defined contribution plan shall not include any amount transferred from such defined contribution plan to a qualified cost-of-living arrangement (within the meaning of section 415(k)(2)) under a defined benefit plan.

"(vii) LUMP-SUM DISTRIBUTIONS OF ALTERNATE PAYEES.—If any distribution or payment of the balance to the credit of an employee would be treated as a lump-sum distribution, then, for purposes of this paragraph, the payment under a qualified domestic relations order (within the meaning of section 414(p)) of the balance to the credit of an alternate payee who is the spouse or former spouse of the employee shall be treated as a lump-sum distribution. For purposes

of this clause, the balance to the credit of the alternate payee shall not include any amount payable to the employee.

"(E) DEFINITIONS.—For purposes of this paragraph—

"(i) SECURITIES.—The term 'securities' means only shares of stock and bonds or debentures issued by a corporation with interest coupons or in registered form.

"(ii) SECURITIES OF THE EMPLOYER.—The term 'securities of the employer corporation' includes securities of a parent or subsidiary corporation (as defined in subsections (e) and (f) of section 425) of the employer corporation.

"(f) WRITTEN EXPLANATION TO RECIPIENTS OF DISTRIBUTIONS ELIGIBLE FOR ROLLOVER TREATMENT.—

"(1) IN GENERAL.—The plan administrator of any plan shall, when making an eligible rollover distribution, provide a written explanation to the recipient of the provisions under which such distribution will not be subject to tax if transferred to an eligible retirement plan within 60 days after the date on which the recipient received the distribution.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) ELIGIBLE ROLLOVER DISTRIBUTION.—The term 'eligible rollover distribution' has the same meaning as when used in subsection (c) of this section or paragraph (4) of section 403(a).

"(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' has the meaning given such term by subsection (c)(8)(B)."

(b) REPEAL OF $5,000 EXCLUSION OF EMPLOYEES' DEATH BENEFITS.—Subsection (b) of section 101 is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 55(c) is amended by striking "shall not include any tax imposed by section 402(e) and".

(2) Paragraph (8) of section 62(a) (relating to certain portion of lump-sum distributions from pension plans taxed under section 402(e)) is hereby repealed.

(3) Paragraph (4) of section 72(o) (relating to special rule for treatment of rollover amount) is amended by striking "sections 402(a)(5), 402(a)(7)" and inserting "sections 402(c)".

(4) Paragraph (2) of section 219(d) (relating to recontributed amount) is amended by striking "section 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(5) Paragraph (20) of section 401(a) is amended—

(A) by striking "a qualified total distribution described in section 402(a)(5)(E)(i)(I)" and inserting "1 or more distributions within 1 taxable year to a distributee on account of a termination of the plan of which the trust is a part, or in the case of a profit-sharing or stock bonus plan, a complete discontinuance of contributions under such plan", and

(B) by adding at the end the following new sentence: "For purposes of this paragraph, rules similar to the rules of section 402(a)(6)(B) (as in effect before its repeal by the Revenue Act of 1992) shall apply."

(6) Section 401(a)(28)(B) (relating to coordination with distribution rules) is amended by striking clause (v).

(7) Subclause (IV) of section 401(k)(2)(B)(i) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(8) Subparagraph (B)(ii) of section 401(k)(10) (relating to distributions that must be lump-sum distributions) is amended to read as follows:

"(ii) LUMP SUM DISTRIBUTION.—For purposes of this subparagraph, the term 'lump sum distribution' means any distribution of the balance to the credit of an employee immediately before the distribution."

(9) Section 402(g)(1) is amended by striking "subsections (a)(8)" and inserting "subsections (e)(3)".

(10) Section 402(i) is amended by striking ", except as otherwise provided in subparagraph (A) of subsection (e)(4)".

(11) Subsection (j) of section 402 is amended by striking "(a)(1) or (e)(4)(J)" and inserting "(e)(4)".

(12)(A) Clause (i) of section 403(a)(4)(A) is amended by inserting "in an eligible rollover distribution (within the meaning of section 402(c)(4))" before the comma at the end thereof.

(B) Subparagraph (B) of section 403(a)(4) is amended to read as follows:

"(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) through (7) of section 402(c) shall apply for purposes of subparagraph (A)."

(13)(A) Clause (i) of section 403(b)(8)(A) is amended by inserting "in an eligible rollover distribution (within the meaning of section 402(c)(4))" before the comma at the end thereof.

(B) Paragraph (8) of section 403(b) is amended by striking subparagraphs (B), (C), and (D) and inserting the following:

"(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) through (7) of section 402(c) shall apply for purposes of subparagraph (A)."

(14) Section 406(c) (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(15) Section 407(c) (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(16) Paragraph (1) of section 408(a) is amended by striking "section 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(17) Clause (ii) of section 408(d)(3)(A) is amended to read as follows:

"(ii) no amount in the account and no part of the value of the annuity is attributable to any source other than a rollover contribution (as defined in section 402) from an employee's trust described in section 401(a) which is exempt from tax under section 501(a) or from an annuity plan described in section 403(a) (and any earnings on such contribution), and the entire amount received (including property and other money) is paid (for the benefit of such individual) into another such trust or annuity plan not later than the 60th day on which the individual receives the payment or the distribution; or".

(18) Subparagraph (B) of section 408(d)(3) (relating to limitations) is amended by striking the second sentence thereof.

(19) Subparagraph (F) of section 408(d)(3) (relating to frozen deposits) is amended by striking "section 402(a)(6)(H)" and inserting "section 402(c)(7)".

(20) Subclause (I) of section 414(n)(5)(C)(iii) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(21) Clause (i) of section 414(q)(7)(B) is amended by striking "402(a)(8)" and inserting "402(e)(3)".

(22) Paragraph (2) of section 414(s) (relating to employer may elect to treat certain deferrals as compensation) is amended by striking "402(a)(8)" and inserting "402(e)(3)".

(23) Subparagraph (A) of section 415(b)(2) (relating to annual benefit in general) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(24) Subparagraph (B) of section 415(b)(2) (relating to adjustment for certain other forms of benefit) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(25) Paragraph (2) of section 415(c) (relating to annual addition) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(26) Subparagraph (B) of section 457(c)(2) is amended by striking "section 402(a)(8)" in clause (i) thereof and inserting "section 402(e)(3)".

(27) Section 691(c) (relating to coordination with section 402(e)) is amended by striking paragraph (5).

(28) Subparagraph (B) of section 871(a)(1) (relating to income other than capital gains) is amended by striking "402(a)(2), 403(a)(2), or".

(29) Paragraph (1) of section 871(b) (relating to imposition of tax) is amended by striking "section 1, 55, or 402(e)(1)" and inserting "section 1 or 55".

(30) Paragraph (1) of section 871(k) is amended by striking "section 402(a)(4)" and inserting "section 402(e)(2)".

(31) Subsection (b) of section 877 (relating to alternative tax) is amended by striking "section 1, 55, or 402(e)(1)" and inserting "section 1 or 55".

(32) Subsection (b) of section 1441 (relating to income items) is amended by striking "402(a)(2), 403(a)(2), or".

(33) Paragraph (5) of section 1441(c) (relating to special items) is amended by striking "402(a)(2), 403(a)(2), or".

(34) Subparagraph (A) of section 3121(v)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(35) Subparagraph (A) of section 3306(r)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(36) Subsection (a) of section 3405 is amended by striking "PENSIONS, ANNUITIES, ETC.—" from the heading thereof and inserting "PERIODIC PAYMENTS.—".

(37) Subsection (b) of section 3405 (relating to nonperiodic distribution) is amended—

(A) by striking "the amount determined under paragraph (2)" from paragraph (1) thereof and inserting "an amount equal to 10 percent of such distribution"; and

(B) by striking paragraph (2) (relating to amount of withholding) and redesignating paragraph (3) as paragraph (2).

(38) Paragraph (4) of section 3405(d) (relating to qualified total distributions) is hereby repealed.

(39) Paragraph (8) of section 3405(d) (relating to maximum amounts withheld) is amended to read as follows:

"(8) MAXIMUM AMOUNT WITHHELD.—The maximum amount to be withheld under this section on any designated distribution shall not exceed the sum of the amount of money and the fair market value of other property (other than securities of the employer corporation) received in the distribution. No amount shall be required to be withheld under this section in the case of any designated distribution which consists only of securities of the employer corporation and cash (not in excess of $200) in lieu of fractional shares. For purposes of this paragraph, the term 'securities of the employer corporation' has the meaning given such term by section 402(e)(4)(E)."

(40) Subparagraph (A) of section 4973(b)(1) is amended by striking "sections 402(a)(5), 402(a)(7)" and inserting "sections 402(c)".

(41) Paragraph (4) of section 4980A(c) (relating to special rule where taxpayer elects income averaging) is amended by striking "section 402(e)(4)(B)" and inserting "section 402(d)(4)(B)".

(42) Subparagraph (C) of section 7701(j)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(43) Section 411(d)(3) is amended by adding at the end the following new sentence: "For purposes of this paragraph, in the case of the complete discontinuance of contributions under a profit-sharing or stock bonus plan, such plan shall be treated as having terminated on the day on which the plan administrator notifies the Secretary (in accordance with regulations) of the discontinuance."

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1992.

(2) RETENTION OF CERTAIN TRANSITION RULES.—Notwithstanding any other provision of this section, the amendments made by this section shall not apply to any distribution for which the taxpayer elects the benefits of section 1122 (h)(3) or (h)(5) of the Tax Reform Act of 1986. For purposes of the preceding sentence, rules similar to the rules of paragraphs (5)(C)(iii) and (6)(C) of section 402(a) (as in effect before the date of the enactment of this Act) shall apply.

SEC. 4202. SIMPLIFIED METHOD FOR TAXING ANNUITY DISTRIBUTIONS UNDER CERTAIN EMPLOYER PLANS.

(a) GENERAL RULE.—Subsection (d) of section 72 (relating to annuities; certain proceeds of endowment and life insurance contracts) is amended to read as follows:

"(d) SPECIAL RULES FOR QUALIFIED EMPLOYER RETIREMENT PLANS.—

"(1) SIMPLIFIED METHOD OF TAXING ANNUITY PAYMENTS.—

"(A) IN GENERAL.—In the case of any amount received as an annuity under a qualified employer retirement plan—

"(i) subsection (b) shall not apply, and

"(ii) the investment in the contract shall be recovered as provided in this paragraph.

"(B) METHOD OF RECOVERING INVESTMENT IN CONTRACT.—

"(i) IN GENERAL.—Gross income shall not include so much of any monthly annuity payment under a qualified employer retirement plan as does not exceed the amount obtained by dividing—

"(I) the investment in the contract (as of the annuity starting date), by

"(II) the number of anticipated payments determined under the table contained in clause (iii) (or, in the case of a contract to which subsection (c)(3)(B) applies, the number of monthly annuity payments under such contract).

"(ii) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) and (3) of subsection (b) shall apply for purposes of this paragraph.

"(iii) NUMBER OF ANTICIPATED PAYMENTS.—

"If the age of the primary annuitant on the annuity starting date is:	The number of anticipated payments is:
Not more than 55	300
More than 55 but not more than 60	260
More than 60 but not more than 65	240
More than 65 but not more than 70	170
More than 70	120

"(C) ADJUSTMENT FOR REFUND FEATURE NOT APPLICABLE.—For purposes of this paragraph, investment in the contract shall be determined under subsection (c)(1) without regard to subsection (c)(2).

"(D) SPECIAL RULE WHERE LUMP SUM PAID IN CONNECTION WITH COMMENCEMENT OF ANNUITY PAYMENTS.—If, in connection with the commencement of annuity payments under any qualified employer retirement plan, the taxpayer receives a lump sum payment—

"(i) such payment shall be taxable under subsection (e) as if received before the annuity starting date, and

"(ii) the investment in the contract for purposes of this paragraph shall be determined as if such payment had been so received.

"(E) EXCEPTION.—This paragraph shall not apply in any case where the primary annuitant has attained age 75 on the annuity starting date unless there are fewer than 5 years of guaranteed payments under the annuity.

"(F) ADJUSTMENT WHERE ANNUITY PAYMENTS NOT ON MONTHLY BASIS.—In any case where the annuity payments are not made on a monthly basis, appropriate adjustments in the application of this paragraph shall be made to take into account the period on the basis of which such payments are made.

"(G) QUALIFIED EMPLOYER RETIREMENT PLAN.—For purposes of this paragraph, the term 'qualified employer retirement plan' means any plan or contract described in paragraph (1), (2), or (3) of section 4974(c).

"(2) TREATMENT OF EMPLOYEE CONTRIBUTIONS UNDER DEFINED CONTRIBUTION PLANS.—For purposes of this section, employee contributions (and any income allocable thereto) under a defined contribution plan may be treated as a separate contract."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply in cases where the annuity starting date is after December 31, 1992.

SEC. 4203. REQUIREMENT THAT QUALIFIED PLANS INCLUDE OPTIONAL TRUSTEE-TO-TRUSTEE TRANSFERS OF ELIGIBLE ROLLOVER DISTRIBUTIONS.

(a) GENERAL RULE.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (30) the following new paragraph:

"(31) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—

"(A) IN GENERAL.—A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that if the distributee of any eligible rollover distribution—

"(i) elects to have such distribution paid directly to an eligible retirement plan, and

"(ii) specifies the eligible retirement plan to which such distribution is to be paid (in such form and at such time as the plan administrator may prescribe),

such distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified.

"(B) LIMITATION.—Subparagraph (A) shall apply only to the extent that the eligible rollover distribution would be includible in gross income if not transferred as provided in subparagraph (A) (determined without regard to sections 402(c) and 403(a)(4)).

"(C) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this paragraph, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).

"(D) ELIGIBLE RETIREMENT PLAN.—For purposes of this paragraph, the term 'eligible retirement plan' has the meaning given such term by section 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it is a defined contribution plan, the terms of which permit the acceptance of rollover distributions."

(b) EMPLOYEE'S ANNUITIES.—Paragraph (2) of section 404(a) (relating to employee's annuities) is amended by striking "and (27)" and inserting "(27), and (31)".

(c) EXCLUSION FROM INCOME.—

(1) QUALIFIED TRUSTS.—Subsection (e) of section 402 (relating to taxability of beneficiary of employees' trust), as amended by section 4201, is amended by adding at the end the following new paragraph:

"(4) DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS.—Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of such transfer."

(2) EMPLOYEE ANNUITIES.—Subsection (a) of section 403 is amended by adding at the end the following new paragraph:

"(5) DIRECT TRUSTEE-TO-TRUSTEE TRANSFER.—Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of such transfer."

(d) WRITTEN EXPLANATION.—Paragraph (1) of section 402(f) (as amended by section 4201) is amended to read as follows:

"(1) IN GENERAL.—The plan administrator of any plan shall, before making an eligible rollover distribution, provide a written explanation to the recipient of—

"(A) the optional direct transfer provisions provided pursuant to section 401(a)(31), and

"(B) the provisions under which such distribution will not be subject to tax if transferred to an eligible retirement plan within 60 days after the date on which the recipient received the distribution."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in plan years beginning after December 31, 1992.

PART II—INCREASED ACCESS TO PENSION PLANS

SEC. 4211. TAX EXEMPT ORGANIZATIONS ELIGIBLE UNDER SECTION 401(k).

(a) GENERAL RULE.—Subparagraph (B) of section 401(k)(4) is amended to read as follows:

"(B) STATE AND LOCAL GOVERNMENTS NOT ELIGIBLE.—A cash or deferred arrangement shall not be treated as a qualified cash or deferred arrangement if it is part of a plan maintained by a State or local government or political subdivision thereof, or any agency or instrumentality thereof. This subparagraph shall not apply to a rural cooperative plan."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to plan years beginning on or after December 31, 1992, but shall not apply to any cash or deferred arrangement to which clause (i) of section 1116(f)(2)(B) of the Tax Reform Act of 1986 applies.

SEC. 4212. DUTIES OF SPONSORS OF CERTAIN PROTOTYPE PLANS.

(a) IN GENERAL.—The Secretary of the Treasury may, as a condition of sponsorship, prescribe rules defining the duties and responsibilities of sponsors of master and prototype plans, regional prototype plans, and other Internal Revenue Service preapproved plans.

(b) DUTIES RELATING TO PLAN AMENDMENT, NOTIFICATION OF ADOPTERS, AND PLAN ADMINISTRATION.—The duties and responsibilities referred to in subsection (a) may include—

(1) the maintenance of lists of persons adopting the sponsor's plans, including the updating of such lists not less frequently than annually,

(2) the furnishing of notices at least annually to such persons and to the Secretary or his delegate, in such form and at such time as the Secretary shall prescribe,

(3) duties relating to administrative services to such persons in the operation of their plans, and

(4) other duties that the Secretary considers necessary to ensure that—

(A) the master and prototype, regional prototype, and other preapproved plans of adopting employers are timely amended to meet the requirements of the Internal Revenue Code of 1986 or of any rule or regulation of the Secretary, and

(B) adopting employers receive timely notification of amendments and other actions taken by sponsors with respect to their plans.

PART III—MISCELLANEOUS SIMPLIFICATION

SEC. 4221. MODIFICATION TO DEFINITION OF LEASED EMPLOYEE.

(a) GENERAL RULE.—Subparagraph (C) of section 414(n)(2) (defining leased employee) is amended to read as follows:

"(C) such services are performed under any significant direction or control by the recipient."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1992, but shall not apply to any relationship determined under an Internal Revenue Service ruling issued before the date of the enactment of this Act pursuant to section 414(n)(2)(C) of the Internal Revenue Code of 1986 (as in effect on the day before such date) not to involve a leased employee.

SEC. 4222. SIMPLIFICATION OF NONDISCRIMINATION TESTS APPLICABLE UNDER SECTIONS 401(k) AND 401(m).

(a) CASH OR DEFERRED ARRANGEMENTS.—Clause (ii) of section 401(k)(3)(A) is amended—

(1) by striking "such year" and inserting "the plan year", and

(2) by striking "for such plan year" and inserting "the preceding plan year".

(b) MATCHING AND EMPLOYEE CONTRIBUTIONS.—Section 401(m)(2)(A) is amended—

(1) by inserting "for such plan year" after "highly compensated employee", and

(2) by inserting "for the preceding plan year" after "eligible employees" each place it appears in clause (i) and clause (ii).

(c) SPECIAL RULE FOR DETERMINING AVERAGE DEFERRAL PERCENTAGE FOR FIRST PLAN YEAR, ETC.—

(1) Paragraph (3) of section 401(k) is amended by adding at the end thereof the following new subparagraph:

"(E) For purposes of this paragraph, in the case of the first plan year of any plan, the amount taken into account as the average deferral percentage of nonhighly compensated employees for the preceding plan year shall be—

"(i) 3 percent, or

"(ii) if the employer makes an election under this subclause, the average deferral percentage of nonhighly compensated employees determined for such first plan year."

(2) Paragraph (3) of section 401(m) is amended by adding at the end thereof the following: "Rules similar to the rules of subsection (k)(3)(E) shall apply for purposes of this subsection.".

(d) ALTERNATIVE METHODS OF SATISFYING SECTION 401(k) AND 401(m) NONDISCRIMINATION TESTS.—

(1) SECTION 401(k).—Section 401(k) (relating to cash or deferred arrangements) is amended by adding at the end thereof the following new paragraph:

"(11) ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—

"(A) IN GENERAL.—A cash or deferred arrangement shall be treated as meeting the requirements of paragraph (3)(A)(ii) if such arrangement—

"(i) meets the contribution requirements of subparagraph (B) or (C), and

"(ii) meets the notice requirements of subparagraph (D).

"(B) MATCHING CONTRIBUTIONS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement, the employer makes matching contributions on behalf of each employee who is not a highly compensated employee in an amount not less than—

"(I) 100 percent of the elective contributions of the employee to the extent such elective contributions do not exceed 3 percent of the employee's compensation, and

"(II) 50 percent of the elective contributions of the employee to the extent that such elective contributions exceed 3 percent but do not exceed 5 percent of the employee's compensation.

"(ii) RATE FOR HIGHLY COMPENSATED EMPLOYEES.—The requirements of this subparagraph are not met if, under the arrangement, the matching contribution with respect to any elective contribution of a highly compensated employee at any level of compensation is greater than that with respect to an employee who is not a highly compensated employee.

"(iii) ALTERNATIVE PLAN DESIGNS.—If the matching contribution with respect to any elective contribution at any specific level of compensation is not equal to the percentage required under clause (i), an arrangement shall not be treated as failing to meet the requirements of clause (i) if—

"(I) the level of an employer's matching contribution does not increase as an employee's elective contributions increase, and

"(II) the aggregate amount of matching contributions with respect to elective contributions not in excess of such level of compensation is at least equal to the amount of matching contributions which would be made if matching contributions were made on the basis of the percentages described in clause (i).

"(C) NONELECTIVE CONTRIBUTIONS.—The requirements of this subparagraph are met if, under the arrangement, the employer is required, without regard to whether the employee makes an elective contribution or employee contribution, to make a contribution to a defined contribution plan on behalf of each employee who is not a highly compensated employee and who is eligible to participate in the arrangement in an amount equal to at least 3 percent of the employee's compensation.

"(D) NOTICE REQUIREMENT.—An arrangement meets the requirements of this paragraph if, under the arrangement, each employee eligible to participate is, within a reasonable period before any year, given written notice of the employee's rights and obligations under the arrangement which—

"(i) is sufficiently accurate and comprehensive to appraise the employee of such rights and obligations, and

"(ii) is written in a manner calculated to be understood by the average employee eligible to participate.

"(E) OTHER REQUIREMENTS.—

"(i) WITHDRAWAL AND VESTING RESTRICTIONS.—An arrangement shall not be treated as meeting the requirements of subparagraph (B) or (C) unless the requirements of subparagraphs (B) and (C) of paragraph (2) are met with respect to employer contributions.

"(ii) SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS NOT TAKEN INTO ACCOUNT.—An arrangement shall not be treated as meeting the requirements of subparagraph (B) or (C) unless such requirements are met without regard to subsection (l), and, for purposes of subsection (l), employer contributions under subparagraph (B) or (C) shall not be taken into account.

"(F) OTHER PLANS.—An arrangement shall be treated as meeting the requirements under subparagraph (A)(i) if any other qualified plan maintained by the employer meets such requirements with respect to employees eligible under the arrangement."

(2) SECTION 401(m).—Section 401(m) (relating to nondiscrimination test for matching contributions and employee contributions) is amended by redesignating paragraph (10) as paragraph (11) and by adding after paragraph (9) the following new paragraph:

"(10) ALTERNATIVE METHOD OF SATISFYING TESTS.—

"(A) IN GENERAL.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if the plan—

"(i) meets the contribution requirements of subparagraph (B) or (C) of subsection (k)(11),

"(ii) meets the notice requirements of subsection (k)(11)(D), and

"(iii) meets the requirements of subparagraph (B).

"(B) LIMITATION ON MATCHING CONTRIBUTIONS.—The requirements of this subparagraph are met if—

"(i) matching contributions on behalf of any employee may not be made with respect to an employee's contributions or elective deferrals in excess of 6 percent of the employee's compensation,

"(ii) the level of an employer's matching contribution does not increase as an employee's contributions or elective deferrals increase, and

"(iii) the matching contribution with respect to any highly compensated employee at a specific level of compensation is not greater than that with respect to an employee who is not a highly compensated employee."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1992.

SEC. 4223. DEFINITION OF HIGHLY COMPENSATED EMPLOYEE.

(a) GENERAL RULE.—Subsection (q) of section 414 (defining highly compensated employee) is amended to read as follows:

"(q) HIGHLY COMPENSATED EMPLOYEE.—

"(1) IN GENERAL.—The term 'highly compensated employee' means any employee who, during the year or the preceding year—

"(A) was a 5-percent owner, or

"(B) received compensation from the employer in excess of $50,000.

The Secretary shall adjust the $50,000 amount specified in subparagraph (B) at the same time and in the same manner as under section 415(d).

"(2) SPECIAL RULE FOR CURRENT YEAR.—In the case of the year for which the relevant determination is being made, an employee not described in subparagraph (B) of paragraph (1) for the preceding year (without regard to this paragraph) shall not be treated as described in such subparagraph for the year for which the determination is being made unless such employee is a member of the group consisting of the 100 employees paid the highest compensation during the year for which such determination is being made.

"(3) 5-PERCENT OWNER.—An employee shall be treated as a 5-percent owner for any year if at any time during such year such employee was a 5-percent owner (as defined in section 416(i)(1)) of the employer.

"(4) SPECIAL RULE IF NO EMPLOYEE DESCRIBED IN PARAGRAPH (1).—

"(A) IN GENERAL.—If no employee is treated as a highly compensated employee under paragraph (1), the employee who has the highest compensation for the year shall be treated as a highly compensated employee.

"(B) EXCEPTION.—This paragraph shall not apply to any plan—

"(i) which is maintained by an organization exempt from tax under this subtitle,

"(ii) which provides a nonforfeitable right to 100 percent of an employee's accrued benefit,

"(iii) which covers a fair cross section of employees, determined on the basis of their compensation, and

"(iv) which was in effect on February 1, 1992, and at all times thereafter.

"(5) COMPENSATION.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'compensation' means compensation within the meaning of section 415(c)(3).

"(B) CERTAIN PROVISIONS NOT TAKEN INTO ACCOUNT.—The determination under subparagraph (A) shall be made—

"(i) without regard to sections 125, 402(e)(3), 402(h)(1)(B), and 414(h)(2), and

"(ii) in the case of employer contributions made pursuant to a salary reduction agreement, without regard to sections 403(b) and 457.

"(6) FORMER EMPLOYEES.—A former employee shall be treated as a highly compensated employee if—

"(A) such employee was a highly compensated employee when such employee separated from service, or

"(B) such employee was a highly compensated employee at any time after attaining age 55.

"(7) COORDINATION WITH OTHER PROVISIONS.—Subsections (b), (c), (m), (n), and (o) shall be applied before the application of this section.

"(8) SPECIAL RULE FOR NONRESIDENT ALIENS.—For purposes of this subsection, any employee described in subsection (r)(9)(F) shall not be treated as an employee."

(b) CONFORMING AMENDMENTS.—

(1)(A) Section 414(r) is amended by adding at the end thereof the following new paragraph:

"(9) EXCLUDED EMPLOYEES.—For purposes of this subsection, the following employees shall be excluded:

"(A) Employees who have not completed 6 months of service.

"(B) Employees who normally work less than 17½ hours per week.

"(C) Employees who normally work not more than 6 months during any year.

"(D) Employees who have not attained the age of 21.

"(E) Except to the extent provided in regulations, employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and the employer.

"(F) Employees who are nonresident aliens and who receive no earned income (within the meaning of section 911(d)(2)) from the employer which constitutes income from sources within the United States (within the meaning of section 861(a)(3)).

Except as provided by the Secretary, the employer may elect to apply subparagraph (A), (B), (C), or (D) by substituting a shorter period of service, smaller number of hours or months, or lower age for the period of service, number of hours or months, or age (as the case may be) specified in such subparagraph."

(B) Subparagraph (A) of section 414(r)(2) is amended by striking "subsection (q)(8)" and inserting "paragraph (9)".

(2) Paragraph (2) of section 414(s) is amended to read as follows:

"(2) EMPLOYER MAY ELECT TO TREAT CERTAIN DEFERRALS AS COMPENSATION.—An employer may elect to include all of the following amounts as compensation:

"(A) Amounts not includible in the gross income of the employee under section 125, 402(e)(3), 402(h)(1)(B), or 414(h)(2).

"(B) Amounts contributed by the employer under a salary reduction agreement and not includible in gross income under section 403(b) or 457".

(3) Paragraph (17) of section 401(a) is amended by striking the last sentence.

(4) Subsection (l) of section 404 is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1992.

SEC. 4224. MODIFICATIONS OF COST-OF-LIVING ADJUSTMENTS.

(a) IN GENERAL.—Section 415(d) (relating to cost-of-living adjustments) is amended to read as follows:

"(d) COST-OF-LIVING ADJUSTMENTS.—

"(1) IN GENERAL.—The Secretary shall adjust annually—

"(A) the $90,000 amount in subsection (b)(1)(A), and

"(B) in the case of a participant who separated from service, the amount taken into account under subsection (b)(1)(B),

for increases in the cost-of-living in accordance with regulations prescribed by the Secretary.

"(2) METHOD.—

"(A) IN GENERAL.—The regulations prescribed under paragraph (1) shall provide for adjustment procedures which are similar to the procedures used to adjust benefit amounts under section 215(i)(2)(A) of the Social Security Act.

"(B) PERIODS FOR ADJUSTMENT OF DOLLAR AMOUNT.—For purposes of paragraph (1)—

"(i) IN GENERAL.—The adjustment with respect to any calendar year shall be based on the increase in the applicable index as of the close of the calendar quarter ending September 30 of the preceding calendar year over such index as of the close of the base period.

"(ii) BASE PERIOD.—For purposes of clause (i), the base period taken into account is—

"(I) for purposes of subparagraph (A) of paragraph (1), the calendar quarter beginning October 1, 1986, and

"(II) for purposes of paragraph (1)(B), the last calendar quarter of the calendar year preceding the calendar year in which the participant separated from service.

"(3) ROUNDING.—Any amount determined under paragraph (1) (or by reference to this subsection) shall be rounded to the nearest $1,000, except that the amounts under sections 402(g)(1), 408(k)(8)(A)(i) and (iii), and 457(e)(14) shall be rounded to the nearest $100."

(b) EFFECTIVE DATE.—The amendments made by this section apply to adjustments with respect to calendar years beginning after December 31, 1992.

SEC. 4225. PLANS COVERING SELF-EMPLOYED INDIVIDUALS.

(a) AGGREGATION RULES.—Section 401(d) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended to read as follows:

"(d) CONTRIBUTION LIMIT ON OWNER-EMPLOYEES.—A trust forming part of a pension or profit-sharing plan which provides contributions or benefits for employees some or all of whom are owner-employees shall constitute a qualified trust under this section only if, in addition to meeting the requirements of subsection (a), the plan provides that contributions on behalf of any owner-employee may be made only with respect to the earned income of such owner-employee which is derived from the trade or business with respect to which such plan is established."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1992.

SEC. 4226. ALTERNATIVE FULL-FUNDING LIMITATION.

(a) IN GENERAL.—Subsection (c) of section 412 (relating to minimum funding standards) is amended by redesignating paragraphs (8) through (11) as paragraphs (9) through (12), respectively, and by adding after paragraph (7) the following new paragraph:

"(8) ALTERNATIVE FULL-FUNDING LIMITATION.—

"(A) GENERAL RULE.—An employer may elect the full-funding limitation under this paragraph with respect to any defined benefit plan of the employer in lieu of the full-funding limitation determined under paragraph (7) if the requirements of subparagraphs (C) and (D) are met.

"(B) ALTERNATIVE FULL-FUNDING LIMITATION.—The full-funding limitation under this paragraph is the full-funding limitation determined under paragraph (7) without regard to subparagraph (A)(i)(I) thereof.

"(C) REQUIREMENTS RELATING TO PLAN ELIGIBILITY.—

"(i) IN GENERAL.—The requirements of this subparagraph are met with respect to a defined benefit plan if—

"(I) as of the 1st day of the election period, the average accrued liability of participants accruing benefits under the plan for the 5 immediately preceding plan years is at least 80 percent of the plan's total accrued liability,

"(II) the plan is not a top-heavy plan (as defined in section 416(g)) for the 1st plan year of the election period or either of the 2 preceding plan years, and

"(III) each defined benefit plan of the employer (and each defined benefit plan of each employer who is a member of any controlled group which includes such employer) meets the requirements of subclauses (I) and (II).

"(ii) FAILURE TO CONTINUE TO MEET REQUIREMENTS.—

"(I) If any plan fails to meet the requirement of clause (i)(I) for any plan year during an election period, the benefits of the election under this paragraph shall be phased out under regulations prescribed by the Secretary.

"(II) If any plan fails to meet the requirement of clause (i)(II) for any plan year during an election period, such plan shall be treated as not meeting the requirements of clause (i) for the remainder of the election period.

If there is a failure described in subclause (I) or (II) with respect to any plan, such plan (and each plan described in clause (i)(III) with respect to such plan) shall be treated as not meeting the requirements of clause (i) for any of the 10 plan years beginning after the election period.

"(D) REQUIREMENTS RELATING TO ELECTION.—

"(i) IN GENERAL.—The requirements of this subparagraph are met with respect to an election if—

"(I) FILING DATE.—Notice of such election is filed with the Secretary (in such form and

manner and containing such information as the Secretary may provide) by January 1 of any calendar year, and is effective as of the 1st day of the election period beginning on or after January 1 of the following calendar.

"(II) CONSISTENT ELECTION.—Such an election is made for all defined benefit plans maintained by the employer or by any member of a controlled group which includes the employer.

"(ii) TRANSITION PERIOD.—In the case of any election period beginning on or after July 1, 1992, and before January 1, 1994, the requirements of clause (i) shall not apply and the requirements of this subparagraph are met with respect to such election period if—

"(I) FILING DATE.—Notice of election is filed with the Secretary by October 1, 1992.

"(II) INFORMATION.—The notice sets forth the name and tax identification number of the plan sponsor, the names and tax identification numbers of the plans to which the election applies, the limitation under paragraph (7) (determined with and without regard to this paragraph), and a signed certification by an officer of the employer stating that the requirements of this paragraph have been met.

"(iii) REVENUE OFFSET PROCEDURES.—The Secretary shall, by January 1, 1993, notify defined benefit plans that have not made an election under this paragraph for the transition period described in clause (ii) of the adjustment required by subparagraph (H). The revenue offset for the transition period shall apply to plan years beginning on or after July 1, 1992, and before January 1, 1994.

"(iv) EXCESS CONTRIBUTIONS MADE BY NONELECTING PLANS.—To the extent a defined benefit plan sponsor makes a contribution to a defined benefit plan with respect to the transition period described in clause (ii) which exceeds the limitation of paragraph (7), as adjusted by the Secretary for the transition period, the sponsor shall offset the excess contribution against allowable contributions to the plan in subsequent quarters in the taxable year of the sponsor. If no subsequent contributions may be made for the taxable year, the trustee of the defined benefit plan shall return the excess contribution to the sponsor in that taxable year or the following taxable year. Notwithstanding any other provision of this title, no deduction shall be allowed for any contribution made in excess of the limitation of paragraph (7), as adjusted by the Secretary for the transition period, and no penalty shall apply with respect to contributions made in excess of such limitation to the extent such excess contributions are either used to offset subsequent contributions, or returned to the plan sponsor, as provided in this clause.

"(E) TERM OF ELECTION.—Any election made under this paragraph shall apply for the election period.

"(F) OTHER CONSEQUENCES OF ELECTION.—

"(i) NO FUNDING WAIVERS.—In the case of a plan with respect to which an election is made under this paragraph, no waiver may be granted under subsection (d) for any plan year beginning after the date the election was made and ending at the close of the election period with respect thereto.

"(ii) FAILURE TO MAKE SUCCESSIVE ELECTIONS.—If an election is made under this paragraph with respect to any plan and such an election does not apply for each successive plan year of such plan, such plan shall be treated as not meeting the requirements of subparagraph (C) for the period of 10 plan years beginning after the close of the last election period for such plan.

"(G) DEFINITIONS.—For purposes of this paragraph—

"(i) ELECTION PERIOD.—The term 'election period' means the period of 5 consecutive plan years beginning with the 1st plan year for which the election is made.

"(ii) CONTROLLED GROUP.—The term 'controlled group' means all persons who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

"(H) PROCEDURES IF ALTERNATIVE FUNDING LIMITATION REDUCES NET FEDERAL REVENUES.—

"(i) IN GENERAL.—At least once with respect to each fiscal year, the Secretary shall estimate whether the application of this paragraph will result in a net reduction in Federal revenues for such fiscal year.

"(ii) ADJUSTMENT OF FULL-FUNDING LIMITATION IF REVENUE SHORTFALL.—If the Secretary estimates that the application of this paragraph will result in a more than insubstantial net reduction in Federal revenues for any fiscal year, the Secretary—

"(I) shall make the adjustment described in clause (iii), and

"(II) to the extent such adjustment is not sufficient to reduce such reduction to an insubstantial amount, shall make the adjustment described in clause (iv).

Such adjustments shall apply only to defined benefit plans with respect to which an election under this paragraph is not in effect.

"(iii) REDUCTION IN LIMITATION BASED ON 150 PERCENT OF CURRENT LIABILITY.—The adjustment described in this clause is an adjustment which substitutes a percentage (not lower than 140 percent) for the percentage described in paragraph (7)(A)(i)(I) determined by reducing the percentage of current liability taken into account with respect to participants who are not accruing benefits under the plan.

"(iv) REDUCTION IN LIMITATION BASED ON ACCRUED LIABILITY.—The adjustment described in this clause is an adjustment which reduces the percentage of accrued liability taken into account under paragraph (7)(A)(i)(II). In no event may the amount of accrued liability taken into account under such paragraph after the adjustment be less than 140 percent of current liability."

(b) ALTERATION OF DISCRETIONARY REGULATORY AUTHORITY.—Subparagraph (D) of section 412(c)(7) is amended by striking "provide—" and all that follows through "(iii) for" and inserting "provide for".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 4227. DISTRIBUTIONS UNDER RURAL COOPERATIVE PLANS.

(a) DISTRIBUTIONS AFTER AGE 59½.—Section 401(k)(7) is amended by adding at the end thereof the following new subparagraph:

"(C) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS.—A rural cooperative plan which includes a qualified cash or deferred arrangement shall not be treated as violating the requirements of section 401(a) merely by reason of a distribution to a participant after attainment of age 59½."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

SEC. 4228. SPECIAL RULES FOR PLANS COVERING PILOTS.

(a) GENERAL RULE.—

(1) Subparagraph (B) of section 410(b)(3) is amended to read as follows:

"(B) in the case of a plan established or maintained by one or more employers to provide contributions or benefits for air pilots employed by one or more common carriers engaged in interstate or foreign commerce or air pilots employed by carriers transporting mail for or under contract with the United States Government, all employees who are not air pilots."

(2) Paragraph (3) of section 410(b) is amended by striking the last sentence and inserting the following new sentence: "Subparagraph (B) shall not apply in the case of a plan which provides contributions or benefits for employees who are not air pilots or for air pilots whose principal duties are not customarily performed aboard aircraft in flight."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to years beginning after December 31, 1992.

SEC. 4229. ELIMINATION OF SPECIAL VESTING RULE FOR MULTIEMPLOYER PLANS.

(a) IN GENERAL.—Paragraph (2) of section 411(a) of the Internal Revenue Code of 1986 (relating to minimum vesting standards) is amended—

(1) by striking "subparagraph (A), (B), or (C)" and inserting "subparagraph (A) or (B)"; and

(2) by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning on or after the earlier of—

(1) the later of—

(A) January 1, 1993, or

(B) the date on which the last of the collective bargaining agreements pursuant to which the plan is maintained terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(2) January 1, 1995.

Such amendments shall not apply to any individual who does not have more than 1 hour of service under the plan on or after the 1st day of the 1st plan year to which such amendments apply.

SEC. 4230. TREATMENT OF DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) SPECIAL RULES FOR PLAN DISTRIBUTIONS.—Paragraph (9) of section 457(e) (relating to other definitions and special rules) is amended to read as follows:

"(9) BENEFITS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—

"(A) TOTAL AMOUNT PAYABLE IS $3,500 OR LESS.—The total amount payable to a participant under the plan shall not be treated as made available merely because the participant may elect to receive such amount (or the plan may distribute such amount without the participant's consent) if—

"(i) such amount does not exceed $3,500, and

"(ii) such amount may be distributed only if—

"(I) no amount has been deferred under the plan with respect to such participant during the 2-year period ending on the date of the distribution, and

"(II) there has been no prior distribution under the plan to such participant to which this subparagraph applied.

A plan shall not be treated as failing to meet the distribution requirements of subsection (d) by reason of a distribution to which this subparagraph applies.

"(B) ELECTION TO DEFER COMMENCEMENT OF DISTRIBUTIONS.—The total amount payable to a participant under the plan shall not be treated as made available merely because the participant may elect to defer commencement of distributions under the plan if—

"(i) such election is made after amounts may be available under the plan in accord-

ance with subsection (d)(1)(A) and before commencement of such distributions, and

"(ii) the participant may make only 1 such election."

(b) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DEFERRAL AMOUNT.—Subsection (e) of section 457 is amended by adding at the end thereof the following new paragraph:

"(14) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DEFERRAL AMOUNT.—The Secretary shall adjust the $7,500 amount specified in subsections (b)(2) and (c)(1) at the same time and in the same manner as under section 415(d) with respect to months after 1991."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 4231. TREATMENT OF GOVERNMENTAL PLANS UNDER SECTION 415.

(a) DEFINITION OF COMPENSATION.—Subsection (k) of section 415 (regarding limitations on benefits and contributions under qualified plans) is amended by adding immediately after paragraph (2) thereof the following new paragraph:

"(3) DEFINITION OF COMPENSATION FOR GOVERNMENTAL PLANS.—For purposes of this section, in the case of a governmental plan (as defined in section 414(d)), the term 'compensation' includes, in addition to the amounts described in subsection (c)(3)—

"(A) any elective deferral (as defined in section 402(g)(3)), and

"(B) any amount which is contributed by the employer at the election of the employee and which is not includible in the gross income of an employee under section 125 or 457."

(b) COMPENSATION LIMIT.—Subsection (b) of section 415 is amended by adding immediately after paragraph (10) the following new paragraph:

"(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL PLANS.—In the case of a governmental plan (as defined in section 414(d)), subparagraph (B) of paragraph (1) shall not apply."

(c) TREATMENT OF CERTAIN EXCESS BENEFIT PLANS.—

(1) IN GENERAL.—Section 415 is amended by adding at the end thereof the following new subsection:

"(m) TREATMENT OF QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENTS.—

"(1) GOVERNMENTAL PLAN NOT AFFECTED.—In determining whether a governmental plan (as defined in section 414(d)) meets the requirements of this section, benefits provided under a qualified governmental excess benefit arrangement shall not be taken into account. Income accruing to a governmental plan (or to a trust that is maintained solely for the purpose of providing benefits under a qualified governmental excess benefit arrangement) in respect of a qualified governmental excess benefit arrangement shall constitute income derived from the exercise of an essential governmental function upon which such governmental plan (or trust) shall be exempt from tax under section 115.

"(2) TAXATION OF PARTICIPANT.—For purposes of this chapter—

"(A) the taxable year or years for which amounts in respect of a qualified governmental excess benefit arrangement are includible in gross income by a participant, and

"(B) the treatment of such amounts when so includible by the participant,

shall be determined as if such qualified governmental excess benefit arrangement were treated as a plan for the deferral of compensation which is maintained by a corporation not exempt from tax under this chapter and which does not meet the requirements for qualification under section 401.

"(3) QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENT.—For purposes of this subsection, the term 'qualified governmental excess benefit arrangement' means a portion of a governmental plan if—

"(A) such portion is maintained solely for the purpose of providing to participants in the plan that part of the participant's annual benefit otherwise payable under the terms of the plan that exceeds the limitations on benefits imposed by this section,

"(B) under such portion no election is provided at any time to the participant (directly or indirectly) to defer compensation, and

"(C) benefits described in subparagraph (A) are not paid from a trust forming a part of such governmental plan unless such trust is maintained solely for the purpose of providing such benefits."

(2) COORDINATION WITH SECTION 457.—Subsection (e) of section 457 is amended by adding at the end thereof the following new paragraph:

"(15) TREATMENT OF QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENTS.—Subsections (b)(2) and (c)(1) shall not apply to any qualified governmental excess benefit arrangement (as defined in section 415(m)(3)), and benefits provided under such an arrangement shall not be taken into account in determining whether any other plan is an eligible deferred compensation plan."

(3) CONFORMING AMENDMENT.—Paragraph (2) of section 457(f) is amended by striking the word "and" at the end of subparagraph (C), by striking the period after subparagraph (D) and inserting the words ", and", and by inserting immediately thereafter the following new subparagraph:

"(E) a qualified governmental excess benefit arrangement described in section 415(m)."

(d) EXEMPTION FOR SURVIVOR AND DISABILITY BENEFITS.—Paragraph (2) of section 415(b) is amended by adding at the end thereof the following new subparagraph:

"(I) EXEMPTION FOR SURVIVOR AND DISABILITY BENEFITS PROVIDED UNDER GOVERNMENTAL PLANS.—Subparagraph (B) of paragraph (1), subparagraph (C) of this paragraph, and paragraph (5) shall not apply to—

"(i) income received from a governmental plan (as defined in section 414(d)) as a pension, annuity, or similar allowance as the result of the recipient becoming disabled by reason of personal injuries or sickness, or

"(ii) amounts received from a governmental plan by the beneficiaries, survivors, or the estate of an employee as the result of the death of the employee."

(e) REVOCATION OF GRANDFATHER ELECTION.—Subparagraph (C) of section 415(b)(10) is amended by adding at the end thereof the following new sentence: "An election made pursuant to the preceding sentence to have the provisions of this paragraph applied to the plan may be revoked not later than the last day of the 3rd plan year beginning after the date of enactment with respect to all plan years as to which such election has been applicable and all subsequent plan years; provided that any amount paid by the plan in a taxable year ending after revocation of such election in respect of benefits attributable to a taxable year during which such election was in effect shall be includible in income by the recipient in accordance with the rules of this chapter in the taxable year in which such amount is received (except that such amount shall be treated as received for purposes of the limitations imposed by this section in the earlier taxable year or years to which such amount is attributable)."

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), (c), and (d) shall apply to taxable years beginning on or after the date of the enactment of this Act. The amendments made by subsection (e) shall apply with respect to election revocations adopted after the date of the enactment of this Act.

(2) TREATMENT FOR YEARS BEGINNING BEFORE DATE OF ENACTMENT.—In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), such plan shall be treated as satisfying the requirements of section 415 of such Code for all taxable years beginning before the date of the enactment of this Act.

SEC. 4232. USE OF EXCESS ASSETS OF BLACK LUNG BENEFIT TRUSTS FOR HEALTH CARE BENEFITS.

(a) GENERAL RULE.—Paragraph (21) of section 501(c) is amended to read as follows:

"(21)(A) A trust or trusts established in writing, created or organized in the United States, and contributed to by any person (except an insurance company) if—

"(i) the purpose of such trust or trusts is exclusively—

"(I) to satisfy, in whole or in part, the liability of such person for, or with respect to, claims for compensation for disability or death due to pneumoconiosis under Black Lung Acts,

"(II) to pay premiums for insurance exclusively covering such liability,

"(III) to pay administrative and other incidental expenses of such trust in connection with the operation of the trust and the processing of claims against such person under Black Lung Acts, and

"(IV) to pay accident or health benefits for retired miners and their spouses and dependents (including administrative and other incidental expenses of such trust in connection therewith) or premiums for insurance exclusively covering such benefits; and

"(ii) no part of the assets of the trust may be used for, or diverted to, any purpose other than—

"(I) the purposes described in clause (i),

"(II) investment (but only to the extent that the trustee determines that a portion of the assets is not currently needed for the purposes described in clause (i)) in qualified investments, or

"(III) payment into the Black Lung Disability Trust Fund established under section 9501, or into the general fund of the United States Treasury (other than in satisfaction of any tax or other civil or criminal liability of the person who established or contributed to the trust).

"(B) No deduction shall be allowed under this chapter for any payment described in subparagraph (A)(i)(IV) from such trust.

"(C) Payments described in subparagraph (A)(i)(IV) may be made from such trust during a taxable year only to the extent that the aggregate amount of such payments during such taxable year does not exceed the lesser of—

"(i) the excess (if any) (as of the close of the preceding taxable year) of—

"(I) the fair market value of the assets of the trust, over

"(II) 110 percent of the present value of the liability described in subparagraph (A)(i)(I) of such person, or

"(ii) the excess (if any) of—

"(I) the sum of a similar excess determined as of the close of the last taxable year ending before the date of the enactment of this sub-

paragraph plus earnings thereon as of the close of the taxable year preceding the taxable year involved, over

"(II) the aggregate payments described in subparagraph (A)(i)(IV) made from the trust during all taxable years beginning after the date of the enactment of this subparagraph.

The determinations under the preceding sentence shall be made by an independent actuary using actuarial methods and assumptions (not inconsistent with the regulations prescribed under section 192(c)(1)(A)) each of which is reasonable and which are reasonable in the aggregate.

"(D) For purposes of this paragraph:

"(i) The term 'Black Lung Acts' means part C of title IV of the Federal Mine Safety and Health Act of 1977, and any State law providing compensation for disability or death due to that pneumoconiosis.

"(ii) The term 'qualified investments' means—

"(I) public debt securities of the United States,

"(II) obligations of a State or local government which are not in default as to principal or interest, and

"(III) time or demand deposits in a bank (as defined in section 581) or an insured credit union (within the meaning of section 101(6) of the Federal Credit Union Act, 12 U.S.C. 1752(6)) located in the United States.

"(iii) The term 'miner' has the same meaning as such term has when used in section 402(d) of the Black Lung Benefits Act (30 U.S.C. 902(d)).

"(iv) The term 'incidental expenses' includes legal, accounting, actuarial, and trustee expenses."

(b) EXCEPTION FROM TAX ON SELF-DEALING.—Section 4951(f) is amended by striking "clause (i) of section 501(c)(21)(A)" and inserting "subclause (I) or (IV) of section 501(c)(21)(A)(i)".

(c) TECHNICAL AMENDMENT.—Paragraph (4) of section 192(c) is amended by striking "clause (ii) of section 501(c)(21)(B)" and inserting "subclause (II) of section 501(c)(21)(A)(ii)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 4233. TREATMENT OF EMPLOYER REVERSIONS REQUIRED BY CONTRACT TO BE PAID TO THE UNITED STATES.

(a) IN GENERAL.—Subparagraph (B) of section 4980(c)(2) (defining employer reversion) is amended by striking "or" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", or", and by adding at the end thereof the following new clause:

"(iii) any distribution to the employer to the extent that the distribution is paid within a reasonable period to the United States in satisfaction of a Federal claim for an equitable share of the plan's surplus assets, as determined pursuant to Federal contracting regulations."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to reversions on or after the date of the enactment of this Act.

SEC. 4234. CONTINUATION HEALTH COVERAGE FOR EMPLOYEES OF FAILED FINANCIAL INSTITUTIONS.

(a) ENFORCEMENT OF CONTINUATION OF HEALTH PLAN REQUIREMENTS OF SUCCESSORS OF FAILED DEPOSITORY INSTITUTIONS.—Subsection (f) of section 4980B (relating to continuation of coverage requirements of group health plans) is amended by adding after paragraph (8) the following new paragraph:

"(9) SPECIAL RULES FOR SUCCESSORS OF FAILED DEPOSITORY INSTITUTIONS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), any successor of a failed depository institution—

"(i) shall have the same obligation to provide a group health plan meeting the requirements of this subsection with respect to qualified individuals of such institution in the same manner as the failed depository institution would have had but for its failure, and

"(ii) shall be treated as the employer of such qualified individuals of this section.

"(B) TAX NOT TO APPLY IF FDIC OR RTC PROVIDE CONTINUATION COVERAGE.—Subparagraph (A) shall not apply if the Federal Deposit Insurance Corporation or the Resolution Trust Corporation are, outside of their respective capacities as successors of a failed depository institution, providing a group health plan meeting the requirements of this subsection to qualified individuals of a failed depository institution.

"(C) SUCCESSOR.—For purposes of this paragraph, an entity is a successor of a failed depository institution during any period if—

"(i) such entity holds substantially all of the assets or liabilities of such institution, and

"(ii)(I) such entity is a bridge bank, or

"(II) such entity acquired such assets or liabilities from the Federal Deposit Insurance Corporation, the Resolution Trust Corporation, or a bridge bank.

"(D) FAILED DEPOSITORY INSTITUTION.—For purposes of this section, the term 'failed depository institution' means any depository institution (as defined in section 3(c) of the Federal Deposit Insurance Act) for which a receiver or conservator has been appointed.

"(E) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means any individual who was provided coverage under a group health plan of the failed depository institution by reason of the performance of services for such institution, and the spouse and any dependent child of such individual."

(b) TREATMENT OF DEPOSITORY INSTITUTION FAILURES AS QUALIFYING EVENTS FOR RETIREES OF SUCH INSTITUTIONS.—

(1) IN GENERAL.—Subparagraph (F) of section 4908B(f)(3) is amended—

(A) by striking "A proceeding" and inserting "(i) A proceeding",

(B) by striking the period at the end and inserting ", or", and

(C) by inserting after clause (i) the following new clause:

"(ii) the appointment of a receiver or conservator for a failed depository institution from whose employment the covered employee retired at any time."

(2) CONFORMING AMENDMENT.—Subclause (III) of section 4980B(f)(2)(B)(i) is amended—

(A) by inserting "OR FAILURES OF DEPOSITORY INSTITUTIONS" after "PROCEEDINGS" in the heading, and

(B) by inserting "and failures of depository institutions" after "proceedings".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply as if included in section 451 of the Federal Deposit Insurance Corporation Improvement Act of 1991 as of the date of the enactment of such Act.

(2) SPECIAL RULE FOR FDIC PLAN.—The health care continuation plan maintained by the Federal Deposit Insurance Corporation on June 25, 1992, and any other substantially similar plan maintained by such Corporation, shall be deemed to satisfy the requirements of section 4980B(f) of the Internal Revenue Code of 1986 with respect to qualified individuals of failed depository institutions.

Subtitle C—Treatment of Large Partnerships

PART I—GENERAL PROVISIONS

SEC. 4301. SIMPLIFIED FLOW-THROUGH FOR LARGE PARTNERSHIPS.

(a) GENERAL RULE.—Subchapter K (relating to partners and partnerships) is amended by adding at the end thereof the following new part:

"PART IV—SPECIAL RULES FOR LARGE PARTNERSHIPS

"Sec. 771. Application of subchapter to large partnerships.
"Sec. 772. Simplified flow-through.
"Sec. 773. Computations at partnership level.
"Sec. 774. Other modifications.
"Sec. 775. Large partnership defined.
"Sec. 776. Special rules for partnerships holding oil and gas properties.
"Sec. 777. Regulations.

"SEC. 771. APPLICATION OF SUBCHAPTER TO LARGE PARTNERSHIPS.

"The preceding provisions of this subchapter to the extent inconsistent with the provisions of this part shall not apply to a large partnership and its partners.

"SEC. 772. SIMPLIFIED FLOW-THROUGH.

"(a) GENERAL RULE.—In determining the income tax of a partner of a large partnership, such partner shall take into account separately such partner's distributive share of the partnership's—

"(1) taxable income or loss from passive loss limitation activities,

"(2) taxable income or loss from other activities,

"(3) net capital gain (or net capital loss)—

"(A) to the extent allocable to passive loss limitation activities, and

"(B) to the extent allocable to other activities,

"(4) tax-exempt interest,

"(5) applicable net AMT adjustment separately computed for—

"(A) passive loss limitation activities, and

"(B) other activities,

"(6) general credits,

"(7) low-income housing credit determined under section 42,

"(8) rehabilitation credit determined under section 47,

"(9) foreign income taxes, and

"(10) the credit allowable under section 29.

"(b) SEPARATE COMPUTATIONS.—In determining the amounts required under subsection (a) to be separately taken into account by any partner, this section and section 773 shall be applied separately with respect to such partner by taking into account such partner's distributive share of the items of income, gain, loss, deduction, or credit of the partnership.

"(c) TREATMENT AT PARTNER LEVEL.—

"(1) IN GENERAL.—Except as provided in this subsection, rules similar to the rules of section 702(b) shall apply to any partner's distributive share of the amounts referred to in subsection (a).

"(2) INCOME OR LOSS FROM PASSIVE LOSS LIMITATION ACTIVITIES.—For purposes of this chapter, any partner's distributive share of any income or loss described in subsection (a)(1) shall be treated as an item of income or loss (as the case may be) from the conduct of a trade or business which is a single passive activity (as defined in section 469). A similar rule shall apply to a partner's distributive share of amounts referred to in paragraphs (3)(A) and (5)(A) of subsection (a).

"(3) INCOME OR LOSS FROM OTHER ACTIVITIES.—

"(A) IN GENERAL.—For purposes of this chapter, any partner's distributive share of

any income or loss described in subsection (a)(2) shall be treated as an item of income or expense (as the case may be) with respect to property held for investment.

"(B) DEDUCTIONS FOR LOSS NOT SUBJECT TO SECTION 67.—The deduction under section 212 for any loss described in subparagraph (A) shall not be treated as a miscellaneous itemized deduction for purposes of section 67.

"(4) TREATMENT OF NET CAPITAL GAIN OR LOSS.—For purposes of this chapter, any partner's distributive share of any gain or loss described in subsection (a)(3) shall be treated as a long-term capital gain or loss, as the case may be.

"(5) MINIMUM TAX TREATMENT.—In determining the alternative minimum taxable income of any partner, such partner's distributive share of any applicable net AMT adjustment shall be taken into account in lieu of making the separate adjustments provided in sections 56, 57, and 58 with respect to the items of the partnership. Except as provided in regulations, the applicable net AMT adjustment shall be treated, for purposes of section 53, as an adjustment or item of tax preference not specified in section 53(d)(1)(B)(ii).

"(6) GENERAL CREDITS.—A partner's distributive share of the amount referred to in paragraph (6) of subsection (a) shall be taken into account as a current year business credit.

"(d) OPERATING RULES.—For purposes of this section—

"(1) PASSIVE LOSS LIMITATION ACTIVITY.—The term 'passive loss limitation activity' means—

"(A) any activity which involves the conduct of a trade or business, and

"(B) any rental activity.

For purposes of the preceding sentence, the term 'trade or business' includes any activity treated as a trade or business under paragraph (5) or (6) of section 469(c).

"(2) TAX-EXEMPT INTEREST.—The term 'tax-exempt interest' means interest excludable from gross income under section 103.

"(3) APPLICABLE NET AMT ADJUSTMENT.—

"(A) IN GENERAL.—The applicable net AMT adjustment is—

"(i) with respect to taxpayers other than corporations, the net adjustment determined by using the adjustments applicable to individuals, and

"(ii) with respect to corporations, the net adjustment determined by using the adjustments applicable to corporations.

"(B) NET ADJUSTMENT.—The term 'net adjustment' means the net adjustment in the items attributable to passive loss activities or other activities (as the case may be) which would result if such items were determined with the adjustments of sections 56, 57, and 58.

"(4) TREATMENT OF CAPITAL GAINS AND LOSSES.—

"(A) EXCLUSION FOR CERTAIN PURPOSES.—In determining the amounts referred to in paragraphs (1) and (2) of subsection (a), any net capital gain or net capital loss (as the case may be) shall be excluded.

"(B) ALLOCATION RULES.—The net capital gain shall be treated—

"(i) as allocable to passive loss limitation activities to the extent the net capital gain does not exceed the net capital gain determined by only taking into account gains and losses from sales and exchanges of property used in connection with such activities, and

"(ii) as allocable to other activities to the extent such gain exceeds the amount allocated under clause (i).

A similar rule shall apply for purposes of allocating any net capital loss.

"(C) NET CAPITAL LOSS.—The term 'net capital loss' means the excess of the losses from sales or exchanges of capital assets over the gains from sales or exchange of capital assets.

"(5) GENERAL CREDITS.—The term 'general credits' means any credit other than the low-income housing credit, the rehabilitation credit, the foreign tax credit, and the credit allowable under section 29.

"(6) FOREIGN INCOME TAXES.—The term 'foreign income taxes' means taxes described in section 901 which are paid or accrued to foreign countries and to possessions of the United States.

"(e) SPECIAL RULE FOR UNRELATED BUSINESS TAX.—In the case of a partner which is an organization subject to tax under section 511, such partner's distributive share of any items shall be taken into account separately to the extent necessary to comply with the provisions of section 512(c)(1).

"(f) SPECIAL RULES FOR APPLYING PASSIVE LOSS LIMITATIONS.—If any person holds an interest in a large partnership other than as a limited partner—

"(1) paragraph (2) of subsection (c) shall not apply to such partner, and

"(2) such partner's distributive share of the partnership items allocable to passive loss limitation activities shall be taken into account separately to the extent necessary to comply with the provisions of section 469.

The preceding sentence shall not apply to any items allocable to an interest held as a limited partner.

"SEC. 773. COMPUTATIONS AT PARTNERSHIP LEVEL.

"(a) GENERAL RULE.—

"(1) TAXABLE INCOME.—The taxable income of a large partnership shall be computed in the same manner as in the case of an individual except that—

"(A) the items described in section 772(a) shall be separately stated, and

"(B) the modifications of subsection (b) shall apply.

"(2) ELECTIONS.—All elections affecting the computation of the taxable income of a large partnership or the computation of any credit of a large partnership shall be made by the partnership; except that the election under section 901 shall be made by each partner separately.

"(3) LIMITATIONS, ETC.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), all limitations and other provisions affecting the computation of the taxable income of a large partnership or the computation of any credit of a large partnership shall be applied at the partnership level (and not at the partner level).

"(B) CERTAIN LIMITATIONS APPLIED AT PARTNER LEVEL.—The following provisions shall be applied at the partner level (and not at the partnership level):

"(i) Section 68 (relating to overall limitation on itemized deductions).

"(ii) Sections 49 and 465 (relating to at risk limitations).

"(iii) Section 469 (relating to limitation on passive activity losses and credits).

"(iv) Any other provision specified in regulations.

"(4) COORDINATION WITH OTHER PROVISIONS.—Paragraphs (2) and (3) shall apply notwithstanding any other provision of this chapter other than this part.

"(b) MODIFICATIONS TO DETERMINATION OF TAXABLE INCOME.—In determining the taxable income of a large partnership—

"(1) CERTAIN DEDUCTIONS NOT ALLOWED.—The following deductions shall not be allowed:

"(A) The deduction for personal exemptions provided in section 151.

"(B) The net operating loss deduction provided in section 172.

"(C) The additional itemized deductions for individuals provided in part VII of subchapter B (other than section 212 thereof).

"(2) CHARITABLE DEDUCTIONS.—In determining the amount allowable under section 170, the limitation of section 170(b)(2) shall apply.

"(3) COORDINATION WITH SECTION 67.—In lieu of applying section 67, 70 percent of the amount of the miscellaneous itemized deductions shall be disallowed.

"(c) SPECIAL RULES FOR INCOME FROM DISCHARGE OF INDEBTEDNESS.—If a large partnership has income from the discharge of any indebtedness—

"(1) such income shall be excluded in determining the amounts referred to in section 772(a), and

"(2) in determining the income tax of any partner of such partnership—

"(A) such income shall be treated as an item required to be separately taken into account under section 772(a), and

"(B) the provisions of section 108 shall be applied without regard to this part.

"SEC. 774. OTHER MODIFICATIONS.

"(a) TREATMENT OF CERTAIN OPTIONAL ADJUSTMENTS, ETC.—In the case of a large partnership—

"(1) computations under section 773 shall be made without regard to any adjustment under section 743(b) or 108(b), but

"(2) a partner's distributive share of any amount referred to in section 772(a) shall be appropriately adjusted to take into account any adjustment under section 743(b) or 108(b) with respect to such partner.

"(b) DEFERRED SALE TREATMENT OF CONTRIBUTED PROPERTY.—

"(1) TREATMENT OF PARTNERSHIP.—In the case of any contribution of property to which this subsection applies—

"(A) the basis of such property to the partnership shall be its fair market value as of the time of such contribution, and

"(B) section 704(c) shall not apply to such property.

"(2) TREATMENT OF CONTRIBUTING PARTNER.—

"(A) IN GENERAL.—In the case of any partner who makes a contribution of property to which this subsection applies—

"(i) such partner shall recognize the precontribution gain or loss from such property as provided in this paragraph, and

"(ii) appropriate adjustments to the basis of such partner's interest in the partnership shall be made for the amounts recognized under this paragraph.

"(B) CHARACTER.—The character of any gain or loss recognized under this paragraph shall be determined by reference to the character which would have resulted if the property had been sold to the partnership at the time of the contributions; except that any gain or loss recognized under subparagraph (C)(i) shall be treated as ordinary income or loss, as the case may be.

"(C) TRANSACTIONS AT PARTNERSHIP LEVEL.—

"(i) DEPRECIATION, ETC.—If any partnership deduction for depreciation, depletion, or amortization is increased by reason of an increase in the basis of any property under paragraph (1), the contributing partner shall recognize so much of the precontribution gain with respect to such property as does not exceed the increase in such deduction. If there is a precontribution loss, a similar rule shall apply to any decrease in such a deduction.

"(ii) DISPOSITIONS.—

"(I) IN GENERAL.—Except as otherwise provided in this clause, any precontribution gain or loss with respect to any property (to the extent not previously taken into account under this paragraph) shall be recognized by the contributing partner if the partnership makes any disposition of the property.

"(II) DISTRIBUTIONS TO CONTRIBUTING PARTNER.—No gain or loss shall be recognized under subclause (I) by reason of any distribution of the contributed property to the contributing partner (and subparagraph (D)(ii) shall not apply to any such distribution). In any such case, no adjustment shall be made under section 734 on account of such distribution and the adjusted basis of such property in the hands of the contributing partner shall be its adjusted basis immediately before the contribution properly adjusted for gain or loss previously recognized under this paragraph.

"(iii) YEAR FOR WHICH AMOUNT TAKEN INTO ACCOUNT.—Any amount recognized under this subparagraph shall be taken into account for the partner's taxable year in which or with which ends the partnership taxable year of the deduction or disposition.

"(D) TRANSACTIONS AT PARTNER LEVEL.—

"(i) IN GENERAL.—If the contributing partner makes a disposition of any portion of his interest in the partnership, a corresponding portion of any precontribution gain or loss which was not previously taken into account under this paragraph shall be recognized for the partner's taxable year in which the disposition occurs. The preceding sentence shall not apply to a disposition at death.

"(ii) TREATMENT OF CERTAIN DISTRIBUTIONS.—If—

"(I) the amount of cash and the fair market value of property distributed to a partner, exceeds

"(II) the adjusted basis of such partner's interest in the partnership immediately before the distribution (determined without regard to any adjustment under subparagraph (A)(ii) resulting from such distribution),

the contributing partner shall recognize so much of any precontribution gain as does not exceed such excess.

"(iii) SPECIAL RULE.—Except as provided in clause (ii)(II), any basis adjustment under subparagraph (A)(ii) resulting from any gain or loss recognized under this subparagraph shall be treated as occurring immediately before the disposition or distribution involved.

"(E) SECTION 267 AND 707(b) PRINCIPLES TO APPLY.—No loss shall be recognized under subparagraph (C)(ii) or (D) by reason of any disposition (directly or indirectly) to a person related (within the meaning of section 267(b) or 707(b)(1)) to the contributing partner.

"(F) TREATMENT OF CERTAIN NONTAXABLE EXCHANGES.—

"(i) SECTION 1031 AND 1033 TRANSACTIONS.—If the disposition referred to in subclause (I) of subparagraph (C)(ii) is an exchange described in section 1031 or a compulsory or involuntary conversion within the meaning of section 1033—

"(I) the amount of gain or loss recognized by the contributing partner under such subclause (I) shall not exceed the gain or loss recognized by the partnership on the disposition, and

"(II) the replacement property shall be treated as the contributed property for purposes of this paragraph.

For purposes of the preceding sentence, the term 'replacement property' means the property the basis of which is determined under section 1031(d) or 1033(b), whichever is applicable.

"(ii) CONTRIBUTIONS TO CONTROLLED PARTNERSHIP.—If the disposition referred to in subclause (I) of subparagraph (C)(ii) is a contribution of the property to another partnership which is a controlled partnership—

"(I) the rules of subclause (I) of clause (i) shall apply, and

"(II) the partnership shall be treated as continuing to hold the contributed property so long as the other partnership continues to be a controlled partnership and continues to hold such property.

For purposes of the preceding sentence, the term 'controlled partnership' means any partnership in which the partnership making the disposition owns more than 50 percent of the capital interest or profits interest.

"(3) PRECONTRIBUTION GAIN OR LOSS.—For purposes of this subsection—

"(A) PRECONTRIBUTION GAIN.—The term 'precontribution gain' means the excess (if any) of—

"(i) the fair market value of the contributed property as of the time of the contribution, over

"(ii) the adjusted basis of such property immediately before such contribution.

"(B) PRECONTRIBUTION LOSS.—The term 'precontribution loss' means the excess (if any) of the amount referred to in clause (ii) of subparagraph (A) over the amount referred to in clause (i) of subparagraph (A).

"(4) CONTRIBUTIONS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to any contribution of property (other than cash) which is made by any partner to a partnership if—

"(A) as of the time of such contribution, such partnership is a large partnership, or

"(B) such contribution is to a partnership reasonably expected to become a large partnership.

This subsection shall not apply to any contribution made before the date of the enactment of this part.

"(c) CREDIT RECAPTURE DETERMINED AT PARTNERSHIP LEVEL.—

"(1) IN GENERAL.—In the case of a large partnership—

"(A) any credit recapture shall be taken into account by the partnership, and

"(B) the amount of such recapture shall be determined as if the credit with respect to which the recapture is made had been fully utilized to reduce tax.

"(2) METHOD OF TAKING RECAPTURE INTO ACCOUNT.—A large partnership shall take into account a credit recapture by reducing the amount of the appropriate current year credit to the extent thereof, and if such recapture exceeds the amount of such current year credit, the partnership shall be liable to pay such excess.

"(3) DISPOSITIONS NOT TO TRIGGER RECAPTURE.—No credit recapture shall be required by reason of any transfer of an interest in a large partnership.

"(4) CREDIT RECAPTURE.—For purposes of this subsection, the term 'credit recapture' means any increase in tax under section 42(j) or 50(a).

"(d) PARTNERSHIP NOT TERMINATED BY REASON OF CHANGE IN OWNERSHIP.—Subparagraph (B) of section 708(b)(1) shall not apply to a large partnership.

"(e) PARTNERSHIP ENTITLED TO CERTAIN CREDITS.—The following shall be allowed to a large partnership and shall not be taken into account by the partners of such partnership:

"(1) The credit provided by section 34.

"(2) Any credit or refund under section 852(b)(3)(D).

"(f) TREATMENT OF REMIC RESIDUALS.—For purposes of applying section 860E(e)(6) to any large partnership—

"(1) all interests in such partnership shall be treated as held by disqualified organizations,

"(2) in lieu of applying subparagraph (C) of section 860E(e)(6), the amount subject to tax under section 860E(e)(6) shall be excluded from the gross income of such partnership, and

"(3) subparagraph (D) of section 860E(e)(6) shall not apply.

"(g) SPECIAL RULES FOR APPLYING CERTAIN INSTALLMENT SALE RULES.—In the case of a large partnership—

"(1) the provisions of sections 453(l)(3) and 453A shall be applied at the partnership level, and

"(2) in determining the amount of interest payable under such sections, such partnership shall be treated as subject to tax under this chapter at the highest rate of tax in effect under section 1 or 11.

"SEC. 775. LARGE PARTNERSHIP.

"(a) GENERAL RULE.—For purposes of this part—

"(1) IN GENERAL.—Except as otherwise provided in this section or section 776, the term 'large partnership' means, with respect to any partnership taxable year, any partnership if the number of persons who were partners in such partnership in such taxable year or any preceding partnership taxable year beginning after December 31, 1992, equaled or exceeded 250. To the extent provided in regulations, a partnership shall cease to be treated as a large partnership for any partnership taxable year if in such taxable year fewer than 100 persons were partners in such partnership.

"(2) ELECTION FOR PARTNERSHIPS WITH AT LEAST 100 PARTNERS.—If a partnership makes an election under this paragraph, paragraph (1) shall be applied by substituting '100' for '250'. Such an election shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

"(b) SPECIAL RULES FOR CERTAIN SERVICE PARTNERSHIPS.—

"(1) CERTAIN PARTNERS NOT COUNTED.—For purposes of this section, the term 'partner' does not include any individual performing substantial services in connection with the activities of the partnership and holding an interest in such partnership, or an individual who formerly performed substantial services in connection with such activities and who held an interest in such partnership at the time the individual performed such services.

"(2) EXCLUSION.—For purposes of this part, the term 'large partnership' does not include any partnership if substantially all the partners of such partnership—

"(A) are individuals performing substantial services in connection with the activities of such partnership or are personal service corporations (as defined in section 269A(b)) the owner-employees (as defined in section 269A(b)) of which perform such substantial services,

"(B) are retired partners who had performed such substantial services, or

"(C) are spouses of partners who are performing (or had previously performed) such substantial services.

"(3) SPECIAL RULE FOR LOWER TIER PARTNERSHIPS.—For purposes of this subsection, the activities of a partnership shall include the activities of any other partnership in which the partnership owns directly an interest in the capital and profits of at least 80 percent.

"(c) EXCLUSION OF COMMODITY POOLS.—For purposes of this part, the term 'large partnership' does not include any partnership the principal activity of which is the buying and selling of commodities (not described in section 1221(1)), or options, futures, or forwards with respect to such commodities.

"(d) SECRETARY MAY RELY ON TREATMENT ON RETURN.—If, on the partnership return of any partnership, such partnership is treated as a large partnership, such treatment shall be binding on such partnership and all partners of such partnership but not on the Secretary.

"SEC. 776. SPECIAL RULES FOR PARTNERSHIPS HOLDING OIL AND GAS PROPERTIES.

"(a) EXCEPTION FOR PARTNERSHIPS HOLDING SIGNIFICANT OIL AND GAS PROPERTIES.—

"(1) IN GENERAL.—For purposes of this part, the term 'large partnership' shall not include any partnership if the average percentage of assets (by value) held by such partnership during the taxable year which are oil or gas properties is at least 25 percent. For purposes of the preceding sentence, any interest held by a partnership in another partnership shall be disregarded, except that the partnership shall be treated as holding its proportionate share of the assets of such other partnership.

"(2) ELECTION TO WAIVE EXCEPTION.—Any partnership may elect to have paragraph (1) not apply. Such an election shall apply to the partnership taxable year for which made and all subsequent partnership taxable years unless revoked with the consent of the Secretary.

"(b) SPECIAL RULES WHERE PART APPLIES.—

"(1) COMPUTATION OF PERCENTAGE DEPLETION.—In the case of a large partnership, except as provided in paragraph (2)—

"(A) the allowance for depletion under section 611 with respect to any partnership oil or gas property shall be computed at the partnership level without regard to any provision of section 613A requiring such allowance to be computed separately by each partner,

"(B) such allowance shall be determined without regard to the provisions of section 613A(c) limiting the amount of production for which percentage depletion is allowable and without respect to paragraph (1) of section 613A(d), and

"(C) paragraph (3) of section 705(a) shall not apply.

"(2) TREATMENT OF CERTAIN PARTNERS.—

"(A) IN GENERAL.—In the case of a disqualified person, the treatment under this chapter of such person's distributive share of any item of income, gain, loss, deduction, or credit attributable to any partnership oil or gas property shall be determined without regard to this part. Such person's distributive share of any such items shall be excluded for purposes of making determinations under sections 772 and 773.

"(B) DISQUALIFIED PERSON.—For purposes of subparagraph (A), the term 'disqualified person' means, with respect to any partnership taxable year—

"(i) any person referred to in paragraph (2) or (4) of section 613A(d) for such person's taxable year in which such partnership taxable year ends, and

"(ii) any other person if such person's average daily production of domestic crude oil and natural gas for such person's taxable year in which such partnership taxable year ends exceeds 500 barrels.

"(C) AVERAGE DAILY PRODUCTION.—For purposes of subparagraph (B), a person's average daily production of domestic crude oil and natural gas for any taxable year shall be computed as provided in section 613A(c)(2)—

"(i) by taking into account all production of domestic crude oil and natural gas (including such person's proportionate share of any production of a partnership),

"(ii) by treating 6,000 cubic feet of natural gas as a barrel of crude oil, and

"(iii) by treating as 1 person all persons treated as 1 taxpayer under section 613A(c)(8) or among whom allocations are required under such section.

"SEC. 777. REGULATIONS.

"The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this part."

(b) CLERICAL AMENDMENT.—The table of parts for subchapter K of chapter 1 is amended by adding at the end thereof the following new item:

"Part IV. Special rules for large partnerships."

SEC. 4302. SIMPLIFIED AUDIT PROCEDURES FOR LARGE PARTNERSHIPS.

(a) GENERAL RULE.—Chapter 63 is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER D—TREATMENT OF LARGE PARTNERSHIPS

"Part I. Treatment of partnership items and adjustments.

"Part II. Partnership level adjustments.

"Part III. Definitions and special rules.

"PART I—TREATMENT OF PARTNERSHIP ITEMS AND ADJUSTMENTS

"Sec. 6240. Application of subchapter.

"Sec. 6241. Partner's return must be consistent with partnership return.

"Sec. 6242. Procedures for taking partnership adjustments into account.

"SEC. 6240. APPLICATION OF SUBCHAPTER.

"(a) GENERAL RULE.—This subchapter shall only apply to large partnerships and partners in such partnerships.

"(b) COORDINATION WITH OTHER PARTNERSHIP AUDIT PROCEDURES.—

"(1) IN GENERAL.—Subchapter C of this chapter shall not apply to any large partnership other than in its capacity as a partner in another partnership which is not a large partnership.

"(2) TREATMENT WHERE PARTNER IN OTHER PARTNERSHIP.—If a large partnership is a partner in another partnership which is not a large partnership—

"(A) subchapter C of this chapter shall apply to items of such large partnership which are partnership items with respect to such other partnership, but

"(B) any adjustment under such subchapter C shall be taken into account in the manner provided by section 6242.

"SEC. 6241. PARTNER'S RETURN MUST BE CONSISTENT WITH PARTNERSHIP RETURN.

"(a) GENERAL RULE.—A partner of any large partnership shall, on the partner's return, treat each partnership item attributable to such partnership in a manner which is consistent with the treatment of such partnership item on the partnership return.

"(b) UNDERPAYMENT DUE TO INCONSISTENT TREATMENT ASSESSED AS MATH ERROR.—Any underpayment of tax by a partner by reason of failing to comply with the requirements of subsection (a) shall be assessed and collected in the same manner as if such underpayment were on account of a mathematical or clerical error appearing on the partner's return. Paragraph (2) of section 6213(b) shall not apply to any assessment of an underpayment referred to in the preceding sentence.

"(c) ADJUSTMENTS NOT TO AFFECT PRIOR YEAR OF PARTNERS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), subsections (a) and (b) shall apply without regard to any adjustment to the partnership item under part II.

"(2) CERTAIN CHANGES IN DISTRIBUTIVE SHARE TAKEN INTO ACCOUNT BY PARTNER.—

"(A) IN GENERAL.—To the extent that any adjustment under part II involves a change under section 704 in a partner's distributive share of the amount of any partnership item shown on the partnership return, such adjustment shall be taken into account in applying this title to such partner for the partner's taxable year for which such item was required to be taken into account.

"(B) COORDINATION WITH DEFICIENCY PROCEDURES.—

"(i) IN GENERAL.—Subchapter B shall not apply to the assessment or collection of any underpayment of tax attributable to an adjustment referred to in subparagraph (A).

"(ii) ADJUSTMENT NOT PRECLUDED.—Notwithstanding any other law or rule of law, nothing in subchapter B (or in any proceeding under subchapter B) shall preclude the assessment or collection of any underpayment of tax (or the allowance of any credit or refund of any overpayment of tax) attributable to an adjustment referred to in subparagraph (A) and such assessment or collection or allowance (or any notice thereof) shall not preclude any notice, proceeding, or determination under subchapter B.

"(C) PERIOD OF LIMITATIONS.—The period for—

"(i) assessing any underpayment of tax, or

"(ii) filing a claim for credit or refund of any overpayment of tax,

attributable to an adjustment referred to in subparagraph (A) shall not expire before the close of the period prescribed by section 6248 for making adjustments with respect to the partnership taxable year involved.

"(D) TIERED STRUCTURES.—If the partner referred to in subparagraph (A) is another partnership or an S corporation, the rules of this paragraph shall also apply to persons holding interests in such partnership or S corporation (as the case may be); except that, if such partner is a large partnership, the adjustment referred to in subparagraph (A) shall be taken into account in the manner provided by section 6242.

"(d) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—

"For addition to tax in case of partner's disregard of requirements of this section, see part II of subchapter A of chapter 68.

"SEC. 6242. PROCEDURES FOR TAKING PARTNERSHIP ADJUSTMENTS INTO ACCOUNT.

"(a) ADJUSTMENTS FLOW THROUGH TO PARTNERS FOR YEAR IN WHICH ADJUSTMENT TAKES EFFECT.—

"(1) IN GENERAL.—If any partnership adjustment with respect to any partnership item takes effect (within the meaning of subsection (d)(2)) during any partnership taxable year and if an election under paragraph (2) does not apply to such adjustment, such adjustment shall be taken into account in determining the amount of such item for the partnership taxable year in which such adjustment takes effect. In applying this title to any person who is (directly or indirectly) a partner in such partnership during such partnership taxable year, such adjustment shall be treated as an item actually arising during such taxable year.

"(2) PARTNERSHIP LIABLE IN CERTAIN CASES.—If—

"(A) a partnership elects under this paragraph to not take an adjustment into account under paragraph (1),

"(B) a partnership does not make such an election but in filing its return for any partnership taxable year fails to take fully into account any partnership adjustment as required under paragraph (1), or

"(C) any partnership adjustment involves a reduction in a credit which exceeds the amount of such credit determined for the partnership taxable year in which the adjustment takes effect,

the partnership shall pay to the Secretary an amount determined by applying the rules of subsection (b)(4) to the adjustments not so taken into account and any excess referred to in subparagraph (C).

"(3) OFFSETTING ADJUSTMENTS TAKEN INTO ACCOUNT.—If a partnership adjustment requires another adjustment in a taxable year after the adjusted year and before the partnership taxable year in which such partnership adjustment takes effect, such other adjustment shall be taken into account under this subsection for the partnership taxable year in which such partnership adjustment takes effect.

"(4) COORDINATION WITH PART II.—Amounts taken into account under this subsection for any partnership taxable year shall continue to be treated as adjustments for the adjusted year for purposes of determining whether such amounts may be readjusted under part II.

"(b) PARTNERSHIP LIABLE FOR INTEREST AND PENALTIES.—

"(1) IN GENERAL.—If a partnership adjustment takes effect during any partnership taxable year and such adjustment results in an imputed underpayment for the adjusted year, the partnership—

"(A) shall pay to the Secretary interest computed under paragraph (2), and

"(B) shall be liable for any penalty, addition to tax, or additional amount as provided in paragraph (3).

"(2) DETERMINATION OF AMOUNT OF INTEREST.—The interest computed under this paragraph with respect to any partnership adjustment is the interest which would be determined under chapter 67—

"(A) on the imputed underpayment determined under paragraph (4) with respect to such adjustment, or

"(B) for the period beginning on the day after the return due date for the adjusted year and ending on the return due date for the partnership taxable year in which such adjustment takes effect (or, if earlier, in the case of any adjustment to which subsection (a)(2) applies, the date on which the payment under subsection (a)(2) is made).

Proper adjustments in the amount determined under the preceding sentence shall be made for adjustments required for partnership taxable years after the adjusted year and before the year in which the partnership adjustment takes effect by reason of such partnership adjustment.

"(3) PENALTIES.—A partnership shall be liable for any penalty, addition to tax, or additional amount for which it would have been liable if such partnership had been an individual subject to tax under chapter 1 for the adjusted year and the imputed underpayment determined under paragraph (4) were an actual underpayment (or understatement) for such year.

"(4) IMPUTED UNDERPAYMENT.—For purposes of this subsection, the imputed underpayment determined under this paragraph with respect to any partnership adjustment is the underpayment (if any) which would result—

"(A) by netting all adjustments to items of income, gain, loss, or deduction and—

"(i) if such netting results in a net increase in income, by treating such net increase as an underpayment equal to the amount of such net increase multiplied by the highest rate of tax in effect under section 1 or 11 for the adjusted year, or

"(ii) if such netting results in a net decrease in income, by treating such net decrease as an overpayment equal to such net decrease multiplied by such highest rate, and

"(B) by taking adjustments to credits into account as increases or decreases (whichever is appropriate) in the amount of tax.

For purposes of the preceding sentence, any net decrease in a loss shall be treated as an increase in income and a similar rule shall apply to a net increase in a loss.

"(c) ADMINISTRATIVE PROVISIONS.—

"(1) IN GENERAL.—Any payment required by subsection (a)(2) or (b)(1)(A)—

"(A) shall be assessed and collected in the same manner as if it were a tax imposed by subtitle C, and

"(B) shall be paid on or before the return due date for the partnership taxable year in which the partnership adjustment takes effect.

"(2) INTEREST.—For purposes of determining interest, any payment required by subsection (a)(2) or (b)(1)(A) shall be treated as an underpayment of tax.

"(3) PENALTIES.—

"(A) IN GENERAL.—In the case of any failure by any partnership to pay on the date prescribed therefor any amount required by subsection (a)(2) or (b)(1)(A), there is hereby imposed on such partnership a penalty of 10 percent of the underpayment. For purposes of the preceding sentence, the term 'underpayment' means the excess of any payment required under this section over the amount (if any) paid on or before the date prescribed therefor.

"(B) ACCURACY-RELATED AND FRAUD PENALTIES MADE APPLICABLE.—For purposes of part II of subchapter A of chapter 68, any payment required by subsection (a)(2) shall be treated as an underpayment of tax.

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PARTNERSHIP ADJUSTMENT.—The term 'partnership adjustment' means any adjustment in the amount of any partnership item of a large partnership.

"(2) WHEN ADJUSTMENT TAKES EFFECT.—A partnership adjustment takes effect—

"(A) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under part II, when such decision becomes final,

"(B) in the case of an adjustment pursuant to any administrative adjustment request under section 6251, when such adjustment is allowed by the Secretary, or

"(C) in any other case, when such adjustment is made.

"(3) ADJUSTED YEAR.—The term 'adjusted year' means the partnership taxable year to which the item being adjusted relates.

"(4) RETURN DUE DATE.—The term 'return due date' means, with respect to any taxable year, the date prescribed for filing the partnership return for such taxable year (determined without regard to extensions).

"(5) ADJUSTMENTS INVOLVING CHANGES IN CHARACTER.—Under regulations, appropriate adjustments in the application of this section shall be made for purposes of taking into account partnership adjustments which involve a change in the character of any item of income, gain, loss, or deduction.

"(e) PAYMENTS NONDEDUCTIBLE.—No deduction shall be allowed under subtitle A for any payment required to be made by a large partnership under this section.

"PART II—PARTNERSHIP LEVEL ADJUSTMENTS

"Subpart A. Adjustments by Secretary.
"Subpart B. Claims for adjustments by partnership.

"Subpart A—Adjustments by Secretary

"Sec. 6245. Secretarial authority.
"Sec. 6246. Restrictions on partnership adjustments.
"Sec. 6247. Judicial review of partnership adjustment.
"Sec. 6248. Period of limitations for making adjustments.

"SEC. 6245. SECRETARIAL AUTHORITY.

"(a) GENERAL RULE.—The Secretary is authorized and directed to make adjustments at the partnership level in any partnership item to the extent necessary to have such item be treated in the manner required.

"(b) NOTICE OF PARTNERSHIP ADJUSTMENT.—

"(1) IN GENERAL.—If the Secretary determines that a partnership adjustment is required, the Secretary is authorized to send notice of such adjustment to the partnership by certified mail or registered mail. Such notice shall be sufficient if mailed to the partnership at its last known address even if the partnership has terminated its existence.

"(2) FURTHER NOTICES RESTRICTED.—If the Secretary mails a notice of a partnership adjustment to any partnership for any partnership taxable year and the partnership files a petition under section 6247 with respect to such notice, in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact, the Secretary shall not mail another such notice to such partnership with respect to such taxable year.

"(3) AUTHORITY TO RESCIND NOTICE WITH PARTNERSHIP CONSENT.—The Secretary may, with the consent of the partnership, rescind any notice of a partnership adjustment mailed to such partnership. Any notice so rescinded shall not be treated as a notice of a partnership adjustment, for purposes of this section, section 6246, and section 6247, and the taxpayer shall have no right to bring a proceeding under section 6247 with respect to such notice. Nothing in this subsection shall affect any suspension of the running of any period of limitations during any period during which the rescinded notice was outstanding.

"SEC. 6246. RESTRICTIONS ON PARTNERSHIP ADJUSTMENTS.

"(a) GENERAL RULE.—Except as otherwise provided in this chapter, no adjustment to any partnership item may be made (and no levy or proceeding in any court for the collection of any amount resulting from such adjustment may be made, begun or prosecuted) before—

"(1) the close of the 90th day after the day on which a notice of a partnership adjustment was mailed to the partnership, and

"(2) if a petition is filed under section 6247 with respect to such notice, the decision of the court has become final.

"(b) PREMATURE ACTION MAY BE ENJOINED.—Notwithstanding section 7421(a), any action which violates subsection (a) may be enjoined in the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action under this subsection unless a timely petition has been filed under section 6247 and then only in respect of the adjustments that are the subject of such petition.

"(c) EXCEPTIONS TO RESTRICTIONS ON ADJUSTMENTS.—

"(1) ADJUSTMENTS ARISING OUT OF MATH OR CLERICAL ERRORS.—

"(A) IN GENERAL.—If the partnership is notified that, on account of a mathematical or clerical error appearing on the partnership return, an adjustment to a partnership item is required, rules similar to the rules of paragraphs (1) and (2) of section 6213(b) shall apply to such adjustment.

"(B) SPECIAL RULE.—If a large partnership is a partner in another large partnership, any adjustment on account of such partnership's failure to comply with the requirements of section 6241(a) with respect to its interest in such other partnership shall be treated as an adjustment referred to in subparagraph (A), except that paragraph (2) of section 6213(b) shall not apply to such adjustment.

"(2) PARTNERSHIP MAY WAIVE RESTRICTIONS.—The partnership shall at any time (whether or not a notice of partnership adjustment has been issued) have the right, by a signed notice in writing filed with the Secretary, to waive the restrictions provided in subsection (a) on the making of any partnership adjustment.

"(d) LIMIT WHERE NO PROCEEDING BEGUN.—If no proceeding under section 6247 is begun with respect to any notice of a partnership adjustment during the 90-day period described in subsection (a), the amount for which the partnership is liable under section 6242 (and any increase in any partner's liability for tax under chapter 1 by reason of any adjustment under section 6242(a)) shall not exceed the amount determined in accordance with such notice.

"SEC. 6247. JUDICIAL REVIEW OF PARTNERSHIP ADJUSTMENT.

"(a) GENERAL RULE.—Within 90 days after the date on which a notice of a partnership adjustment is mailed to the partnership with respect to any partnership taxable year, the partnership may file a petition for a readjustment of the partnership items for such taxable year with—

"(1) the Tax Court,

"(2) the district court of the United States for the district in which the partnership's principal place of business is located, or

"(3) the Claims Court.

"(b) JURISDICTIONAL REQUIREMENT FOR BRINGING ACTION IN DISTRICT COURT OR CLAIMS COURT.—

"(1) IN GENERAL.—A readjustment petition under this section may be filed in a district court of the United States or the Claims Court only if the partnership filing the petition deposits with the Secretary, on or before the date the petition is filed, the amount for which the partnership would be liable under section 6242(b) (as of the date of the filing of the petition) if the partnership items were adjusted as provided by the notice of partnership adjustment. The court may by order provide that the jurisdictional requirements of this paragraph are satisfied where there has been a good faith attempt to satisfy such requirement and any shortfall of the amount required to be deposited is timely corrected.

"(2) INTEREST PAYABLE.—Any amount deposited under paragraph (1), while deposited, shall not be treated as a payment of tax for purposes of this title (other than chapter 67).

"(c) SCOPE OF JUDICIAL REVIEW.—A court with which a petition is filed in accordance with this section shall have jurisdiction to determine all partnership items of the partnership for the partnership taxable year to which the notice of partnership adjustment relates and the proper allocation of such items among the partners (and the applicability of any penalty, addition to tax, or additional amount for which the partnership may be liable under section 6242(b)).

"(d) DETERMINATION OF COURT REVIEWABLE.—Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court's order entering the decision.

"(e) EFFECT OF DECISION DISMISSING ACTION.—If an action brought under this section is dismissed other than by reason of a rescission under section 6245(b)(3), the decision of the court dismissing the action shall be considered as its decision that the notice of partnership adjustment is correct, and an appropriate order shall be entered in the records of the court.

"SEC. 6248. PERIOD OF LIMITATIONS FOR MAKING ADJUSTMENTS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, no adjustment under this subpart to any partnership item for any partnership taxable year may be made after the date which is 3 years after the later of—

"(1) the date on which the partnership return for such taxable year was filed, or

"(2) the last day for filing such return for such year (determined without regard to extensions).

"(b) EXTENSION BY AGREEMENT.—The period described in subsection (a) (including an extension period under this subsection) may be extended by an agreement entered into by the Secretary and the partnership before the expiration of such period.

"(c) SPECIAL RULE IN CASE OF FRAUD, ETC.—

"(1) FALSE RETURN.—In the case of a false or fraudulent partnership return with intent to evade tax, the adjustment may be made at any time.

"(2) SUBSTANTIAL OMISSION OF INCOME.—If any partnership omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in its return, subsection (a) shall be applied by substituting '6 years' for '3 years'.

"(3) NO RETURN.—In the case of a failure by a partnership to file a return for any taxable year, the adjustment may be made at any time.

"(4) RETURN FILED BY SECRETARY.—For purposes of this section, a return executed by the Secretary under subsection (b) of section 6020 on behalf of the partnership shall not be treated as a return of the partnership.

"(d) SUSPENSION WHEN SECRETARY MAILS NOTICE OF ADJUSTMENT.—If notice of a partnership adjustment with respect to any taxable year is mailed to the partnership, the running of the period specified in subsection (a) (as modified by the other provisions of this section) shall be suspended—

"(1) for the period during which an action may be brought under section 6247 (and, if a petition is filed under section 6247 with respect to such notice, until the decision of the court becomes final), and

"(2) for 1 year thereafter.

"Subpart B—Claims for Adjustments by Partnership

"Sec. 6251. Administrative adjustment requests.

"Sec. 6252. Judicial review where administrative adjustment request is not allowed in full.

"SEC. 6251. ADMINISTRATIVE ADJUSTMENT REQUESTS.

"(a) GENERAL RULE.—A partnership may file a request for an administrative adjustment of partnership items for any partnership taxable year at any time which is—

"(1) within 3 years after the later of—

"(A) the date on which the partnership return for such year is filed, or

"(B) the last day for filing the partnership return for such year (determined without regard to extensions), and

"(2) before the mailing to the partnership of a notice of a partnership adjustment with respect to such taxable year.

"(b) SECRETARIAL ACTION.—If a partnership files an administrative adjustment request under subsection (a), the Secretary may allow any part of the requested adjustments.

"(c) SPECIAL RULE IN CASE OF EXTENSION UNDER SECTION 6248.—If the period described in section 6248(a) is extended pursuant to an agreement under section 6248(b), the period prescribed by subsection (a)(1) shall not expire before the date 6 months after the expiration of the extension under section 6248(b).

"SEC. 6252. JUDICIAL REVIEW WHERE ADMINISTRATIVE ADJUSTMENT REQUEST IS NOT ALLOWED IN FULL.

"(a) IN GENERAL.—If any part of an administrative adjustment request filed under section 6251 is not allowed by the Secretary, the partnership may file a petition for an adjustment with respect to the partnership items to which such part of the request relates with—

"(1) the Tax Court,

"(2) the district court of the United States for the district in which the principal place of business of the partnership is located, or

"(3) the Claims Court.

"(b) PERIOD FOR FILING PETITION.—A petition may be filed under subsection (a) with respect to partnership items for a partnership taxable year only—

"(1) after the expiration of 6 months from the date of filing of the request under section 6251, and

"(2) before the date which is 2 years after the date of such request.

The 2-year period set forth in paragraph (2) shall be extended for such period as may be agreed upon in writing by the partnership and the Secretary.

"(c) COORDINATION WITH SUBPART A.—

"(1) NOTICE OF PARTNERSHIP ADJUSTMENT BEFORE FILING OF PETITION.—No petition may be filed under this section after the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates.

"(2) NOTICE OF PARTNERSHIP ADJUSTMENT AFTER FILING BUT BEFORE HEARING OF PETITION.—If the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates after the filing of a petition under this subsection but before the hearing of such petition, such petition shall be treated as an action brought under section 6247 with respect to such notice, except that subsection (b) of section 6247 shall not apply.

"(3) NOTICE MUST BE BEFORE EXPIRATION OF STATUTE OF LIMITATIONS.—A notice of a partnership adjustment for the partnership taxable year shall be taken into account under paragraphs (1) and (2) only if such notice is mailed before the expiration of the period prescribed by section 6248 for making adjustments to partnership items for such taxable year.

"(d) SCOPE OF JUDICIAL REVIEW.—Except in the case described in paragraph (2) of sub-

section (c), a court with which a petition is filed in accordance with this section shall have jurisdiction to determine only those partnership items to which the part of the request under section 6251 not allowed by the Secretary relates and those items with respect to which the Secretary asserts adjustments as offsets to the adjustments requested by the partnership.

"(e) DETERMINATION OF COURT REVIEWABLE.—Any determination by a court under this subsection shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court's order entering the decision.

"PART III—DEFINITIONS AND SPECIAL RULES.

"Sec. 6255. Definitions and special rules.

"SEC. 6255. DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this subchapter—

"(1) LARGE PARTNERSHIP.—The term 'large partnership' has the meaning given to such term by section 775 without regard to section 776(a).

"(2) PARTNERSHIP ITEM.—The term 'partnership item' has the meaning given to such term by section 6231(a)(3).

"(b) PARTNERS BOUND BY ACTIONS OF PARTNERSHIP, ETC.—

"(1) DESIGNATION OF PARTNER.—Each large partnership shall designate (in the manner prescribed by the Secretary) a partner (or other person) who shall have the sole authority to act on behalf of such partnership under this subchapter. In any case in which such a designation is not in effect, the Secretary may select any partner as the partner with such authority.

"(2) BINDING EFFECT.—A large partnership and all partners of such partnership shall be bound—

"(A) by actions taken under this subchapter by the partnership, and

"(B) by any decision in a proceeding brought under this subchapter.

"(c) PARTNERSHIPS HAVING PRINCIPAL PLACE OF BUSINESS OUTSIDE THE UNITED STATES.—For purposes of sections 6247 and 6252, a principal place of business located outside the United States shall be treated as located in the District of Columbia.

"(d) TREATMENT WHERE PARTNERSHIP CEASES TO EXIST.—If a partnership ceases to exist before a partnership adjustment under this subchapter takes effect, such adjustment shall be taken into account by the former partners of such partnership under regulations prescribed by the Secretary.

"(e) DATE DECISION BECOMES FINAL.—For purposes of this subchapter, the principles of section 7481(a) shall be applied in determining the date on which a decision of a district court or the Claims Court becomes final.

"(f) PARTNERSHIPS IN CASES UNDER TITLE 11 OF THE UNITED STATES CODE.—The running of any period of limitations provided in this subchapter on making a partnership adjustment (or provided by section 6501 or 6502 on the assessment or collection of any amount required to be paid under section 6242) shall, in a case under title 11 of the United States Code, be suspended during the period during which the Secretary is prohibited by reason of such case from making the adjustment (or assessment or collection) and—

"(1) for adjustment or assessment, 60 days thereafter, and

"(2) for collection, 6 months thereafter.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this subchapter, including regulations—

"(1) to prevent abuse through manipulation of the provisions of this subchapter, and

"(2) providing that this subchapter shall not apply to any case described in section 6231(c)(1) (or the regulations prescribed thereunder) where the application of this subchapter to such a case would interfere with the effective and efficient enforcement of this title.

In any case to which this subchapter does not apply by reason of paragraph (2), rules similar to the rules of sections 6229(f) and 6255(f) shall apply."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 63 is amended by adding at the end thereof the following new item:

"SUBCHAPTER D. Treatment of large partnerships."

SEC. 4303. DUE DATE FOR FURNISHING INFORMATION TO PARTNERS OF LARGE PARTNERSHIPS.

(a) GENERAL RULE.—Subsection (b) of section 6031 (relating to copies to partners) is amended by adding at the end thereof the following new sentence: "In the case of a large partnership (as defined in sections 775 and 776(a)), such information shall be furnished on or before the first March 15 following the close of such taxable year."

(b) TREATMENT AS INFORMATION RETURN.—Section 6724 is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL RULE FOR CERTAIN PARTNERSHIP RETURNS.—If any partnership return under section 6031(a) is required under section 6011(e) to be filed on magnetic media or in other machine-readable form, for purposes of this part, each schedule required to be included with such return with respect to each partner shall be treated as a separate information return."

SEC. 4304. RETURNS MAY BE REQUIRED ON MAGNETIC MEDIA.

Paragraph (2) of section 6011(e) (relating to returns on magnetic media) is amended by adding at the end thereof the following new sentence:

"The preceding sentence shall not apply in the case of the partnership return of a large partnership (as defined in sections 775 and 776(a)) or any other partnership with 250 or more partners."

SEC. 4305. EFFECTIVE DATE.

(a) GENERAL RULE.—Except as provided in subsection (b), the amendments made by this part shall apply to partnership taxable years ending on or after December 31, 1992.

(b) SPECIAL RULE FOR SECTION 4304.—In the case of a partnership which is not a large partnership (as defined in sections 775 and 776(a) of the Internal Revenue Code of 1986, as added by this part), the amendment made by section 4304 shall only apply to partnership taxable years ending on or after December 31, 1998.

PART II—PROVISIONS RELATED TO TEFRA PARTNERSHIP PROCEEDINGS

SEC. 4311. TREATMENT OF PARTNERSHIP ITEMS IN DEFICIENCY PROCEEDINGS.

(a) IN GENERAL.—Subchapter C of chapter 63 is amended by adding at the end thereof the following new section:

"SEC. 6234. DECLARATORY JUDGMENT RELATING TO TREATMENT OF ITEMS OTHER THAN PARTNERSHIP ITEMS WITH RESPECT TO AN OVERSHELTERED RETURN.

"(a) GENERAL RULE.—If—

"(1) a taxpayer files an oversheltered return for a taxable year,

"(2) the Secretary makes a determination with respect to the treatment of items (other than partnership items) of such taxpayer for such taxable year, and

"(3) the adjustments resulting from such determination do not give rise to a deficiency (as defined in section 6211) but would give rise to a deficiency if there were no net loss from partnership items,

the Secretary is authorized to send a notice of adjustment reflecting such determination to the taxpayer by certified or registered mail.

"(b) OVERSHELTERED RETURN.—For purposes of this section, the term 'oversheltered return' means an income tax return which—

"(1) shows no taxable income for the taxable year, and

"(2) shows a net loss from partnership items.

"(c) JUDICIAL REVIEW IN THE TAX COURT.—Within 90 days, or 150 days if the notice is addressed to a person outside the United States, after the day on which the notice of adjustment authorized in subsection (a) is mailed to the taxpayer, the taxpayer may file a petition with the Tax Court for redetermination of the adjustments. Upon the filing of such a petition, the Tax Court shall have jurisdiction to make a declaration with respect to all items (other than partnership items and affected items which require partner level determinations as described in section 6230(a)(2)(A)(i)) for the taxable year to which the notice of adjustment relates, in accordance with the principles of section 6214(a). Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(d) FAILURE TO FILE PETITION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), if the taxpayer does not file a petition with the Tax Court within the time prescribed in subsection (c), the determination of the Secretary set forth in the notice of adjustment that was mailed to the taxpayer shall be deemed to be correct.

"(2) EXCEPTION.—Paragraph (1) shall not apply after the date that the taxpayer—

"(A) files a petition with the Tax Court within the time prescribed in subsection (c) with respect to a subsequent notice of adjustment relating to the same taxable year, or

"(B) files a claim for refund of an overpayment of tax under section 6511 for the taxable year involved.

If a claim for refund is filed by the taxpayer, then solely for purposes of determining (for the taxable year involved) the amount of any computational adjustment in connection with a partnership proceeding under this subchapter (other than under this section) or the amount of any deficiency attributable to affected items in a proceeding under section 6230(a)(2), the items that are the subject of the notice of adjustment shall be presumed to have been correctly reported on the taxpayer's return during the pendency of the refund claim (and, if within the time prescribed by section 6532 the taxpayer commences a civil action for refund under section 7422, until the decision in the refund action becomes final).

"(e) LIMITATIONS PERIOD.—

"(1) IN GENERAL.—Any notice to a taxpayer under subsection (a) shall be mailed before the expiration of the period prescribed by section 6501 (relating to the period of limitations on assessment).

"(2) SUSPENSION WHEN SECRETARY MAILS NOTICE OF ADJUSTMENT.—If the Secretary mails a notice of adjustment to the taxpayer for a taxable year, the period of limitations on the

making of assessments shall be suspended for the period during which the Secretary is prohibited from making the assessment (and, in any event, if a proceeding in respect of the notice of adjustment is placed on the docket of the Tax Court, until the decision of the Tax Court becomes final), and for 60 days thereafter.

"(3) RESTRICTIONS ON ASSESSMENT.—Except as otherwise provided in section 6851, 6852, or 6861, no assessment of a deficiency with respect to any tax imposed by subtitle A attributable to any item (other than a partnership item or any item affected by a partnership item) shall be made—

"(A) until the expiration of the applicable 90-day or 150-day period set forth in subsection (c) for filing a petition with the Tax Court, or

"(B) if a petition has been filed with the Tax Court, until the decision of the Tax Court has become final.

"(f) FURTHER NOTICES OF ADJUSTMENT RESTRICTED.—If the Secretary mails a notice of adjustment to the taxpayer for a taxable year and the taxpayer files a petition with the Tax Court within the time prescribed in subsection (c), the Secretary may not mail another such notice to the taxpayer with respect to the same taxable year in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact.

"(g) COORDINATION WITH OTHER PROCEEDINGS UNDER THIS SUBCHAPTER.—

"(1) IN GENERAL.—The treatment of any item that has been determined pursuant to subsection (c) or (d) shall be taken into account in determining the amount of any computational adjustment that is made in connection with a partnership proceeding under this subchapter (other than under this section), or the amount of any deficiency attributable to affected items in a proceeding under section 6230(a)(2), for the taxable year involved. Notwithstanding any other law or rule of law pertaining to the period of limitations on the making of assessments, for purposes of the preceding sentence, any adjustment made in accordance with this section shall be taken into account regardless of whether any assessment has been made with respect to such adjustment.

"(2) SPECIAL RULE IN CASE OF COMPUTATIONAL ADJUSTMENT.—In the case of a computational adjustment that is made in connection with a partnership proceeding under this subchapter (other than under this section), the provisions of paragraph (1) shall apply only if the computational adjustment is made within the period prescribed by section 6229 for assessing any tax under subtitle A which is attributable to any partnership item or affected item for the taxable year involved.

"(3) CONVERSION TO DEFICIENCY PROCEEDING.—If—

"(A) after the notice referred to in subsection (a) is mailed to a taxpayer for a taxable year but before the expiration of the period for filing a petition with the Tax Court under subsection (c) (or, if a petition is filed with the Tax Court, before the Tax Court makes a declaration for that taxable year), the treatment of any partnership item for the taxable year is finally determined, or any such item ceases to be a partnership item pursuant to section 6231(b), and

"(B) as a result of that final determination or cessation, a deficiency can be determined with respect to the items that are the subject of the notice of adjustment,

the notice of adjustment shall be treated as a notice of deficiency under section 6212 and any petition filed in respect of the notice shall be treated as an action brought under section 6213.

"(4) FINALLY DETERMINED.—For purposes of this subsection, the treatment of partnership items shall be treated as finally determined if—

"(A) the Secretary enters into a settlement agreement (within the meaning of section 6224) with the taxpayer regarding such items,

"(B) a notice of final partnership administrative adjustment has been issued and—

"(i) no petition has been filed under section 6226 and the time for doing so has expired, or

"(ii) a petition has been filed under section 6226 and the decision of the court has become final, or

"(C) the period within which any tax attributable to such items may be assessed against the taxpayer has expired.

"(h) SPECIAL RULES IF SECRETARY INCORRECTLY DETERMINES APPLICABLE PROCEDURE.—

"(1) SPECIAL RULE IF SECRETARY ERRONEOUSLY MAILS NOTICE OF ADJUSTMENT.—If the Secretary erroneously determines that subchapter B does not apply to a taxable year of a taxpayer and consistent with that determination timely mails a notice of adjustment to the taxpayer pursuant to subsection (a) of this section, the notice of adjustment shall be treated as a notice of deficiency under section 6212 and any petition that is filed in respect of the notice shall be treated as an action brought under section 6213.

"(2) SPECIAL RULE IF SECRETARY ERRONEOUSLY MAILS NOTICE OF DEFICIENCY.—If the Secretary erroneously determines that subchapter B applies to a taxable year of a taxpayer and consistent with that determination timely mails a notice of deficiency to the taxpayer pursuant to section 6212, the notice of deficiency shall be treated as a notice of adjustment under subsection (a) and any petition that is filed in respect of the notice shall be treated as an action brought under subsection (c)."

(b) TREATMENT OF PARTNERSHIP ITEMS IN DEFICIENCY PROCEEDINGS.—Section 6211 (defining deficiency) is amended by adding at the end thereof the following new subsection:

"(c) COORDINATION WITH SUBCHAPTER C.—In determining the amount of any deficiency for purposes of this subchapter, adjustments to partnership items shall be made only as provided in subchapter C."

(c) CLERICAL AMENDMENT.—The table of sections for subchapter C of chapter 63 is amended by adding at the end thereof the following new item:

"Sec. 6234. Declaratory judgment relating to treatment of items other than partnership items with respect to an oversheltered return.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 4312. PARTNERSHIP RETURN TO BE DETERMINATIVE OF AUDIT PROCEDURES TO BE FOLLOWED.

(a) IN GENERAL.—Section 6231 (relating to definitions and special rules) is amended by adding at the end thereof the following new subsection:

"(g) PARTNERSHIP RETURN TO BE DETERMINATIVE OF WHETHER SUBCHAPTER APPLIES.—

"(1) DETERMINATION THAT SUBCHAPTER APPLIES.—If, on the basis of a partnership return for a taxable year, the Secretary reasonably determines that this subchapter applies to such partnership for such year but such determination is erroneous, then the provisions of this subchapter are hereby extended to such partnership (and its items) for such taxable year and to partners of such partnership.

"(2) DETERMINATION THAT SUBCHAPTER DOES NOT APPLY.—If, on the basis of a partnership return for a taxable year, the Secretary reasonably determines that this subchapter does not apply to such partnership for such year but such determination is erroneous, then the provisions of this subchapter shall not apply to such partnership (and its items) for such taxable year or to partners of such partnership."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 4313. PROVISIONS RELATING TO STATUTE OF LIMITATIONS.

(a) SUSPENSION OF STATUTE WHERE UNTIMELY PETITION FILED.—Paragraph (1) of section 6229(d) (relating to suspension where Secretary makes administrative adjustment) is amended by striking all that follows "section 6226" and inserting the following: "(and, if a petition is filed under section 6226 with respect to such administrative adjustment, until the decision of the court becomes final), and".

(b) SUSPENSION OF STATUTE DURING BANKRUPTCY PROCEEDING.—Section 6229 is amended by adding at the end thereof the following new subsection:

"(h) SUSPENSION DURING PENDENCY OF BANKRUPTCY PROCEEDING.—If a petition is filed naming a partner as a debtor in a bankruptcy proceeding under title 11 of the United States Code, the running of the period of limitations provided in this section with respect to such partner shall be suspended—

"(1) for the period during which the Secretary is prohibited by reason of such bankruptcy proceeding from making an assessment, and

"(2) for 60 days thereafter."

(c) TAX MATTERS PARTNER IN BANKRUPTCY.—Section 6229(b) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) SPECIAL RULE WITH RESPECT TO DEBTORS IN TITLE 11 CASES.—Notwithstanding any other law or rule of law, if an agreement is entered into under paragraph (1)(B) and the agreement is signed by a person who would be the tax matters partner but for the fact that, at the time that the agreement is executed, the person is a debtor in a bankruptcy proceeding under title 11 of the United States Code, such agreement shall be binding on all partners in the partnership unless the Secretary has been notified of the bankruptcy proceeding in accordance with regulations prescribed by the Secretary."

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to partnership taxable years with respect to which the period under section 6229 of the Internal Revenue Code of 1986 for assessing tax has not expired on or before the date of the enactment of this Act.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to agreements entered into after the date of the enactment of this Act.

SEC. 4314. EXPANSION OF SMALL PARTNERSHIP EXCEPTION.

(a) IN GENERAL.—Clause (i) of section 6231(a)(1)(B) (relating to exception for small partnerships) is amended to read as follows:

"(i) IN GENERAL.—The term 'partnership' shall not include any partnership having 10 or fewer partners each of whom is an individual (other than a nonresident alien), a C corporation, or an estate of a deceased partner. For purposes of the preceding sentence, a husband and wife (and their estates) shall be treated as 1 partner."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 4315. EXCLUSION OF PARTIAL SETTLEMENTS FROM 1 YEAR LIMITATION ON ASSESSMENT.

(a) IN GENERAL.—Subsection (f) of section 6229 (relating to items becoming nonpartnership items) is amended—

(1) by striking "(f) ITEMS BECOMING NONPARTNERSHIP ITEMS.—If" and inserting the following:

"(f) SPECIAL RULES.—

"(1) ITEMS BECOMING NONPARTNERSHIP ITEMS.—If",

(2) by moving the text of such subsection 2 ems to the right, and

(3) by adding at the end thereof the following new paragraph:

"(2) SPECIAL RULE FOR PARTIAL SETTLEMENT AGREEMENTS.—If a partner enters into a settlement agreement with the Secretary with respect to the treatment of some of the partnership items in dispute for a partnership taxable year but other partnership items for such year remain in dispute, the period of limitations for assessing any tax attributable to the settled items shall be determined as if such agreement had not been entered into."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 4316. EXTENSION OF TIME FOR FILING A REQUEST FOR ADMINISTRATIVE ADJUSTMENT.

(a) IN GENERAL.—Section 6227 (relating to administrative adjustment requests) is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

"(b) SPECIAL RULE IN CASE OF EXTENSION OF PERIOD OF LIMITATIONS UNDER SECTION 6229.—The period prescribed by subsection (a)(1) for filing of a request for an administrative adjustment shall be extended—

"(1) for the period within which an assessment may be made pursuant to an agreement (or any extension thereof) under section 6229(b), and

"(2) for 6 months thereafter."

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 4317. AVAILABILITY OF INNOCENT SPOUSE RELIEF IN CONTEXT OF PARTNERSHIP PROCEEDINGS.

(a) IN GENERAL.—Subsection (a) of section 6230 is amended by adding at the end thereof the following new paragraph:

"(3) SPECIAL RULE IN CASE OF ASSERTION BY PARTNER'S SPOUSE OF INNOCENT SPOUSE RELIEF.—

"(A) Notwithstanding section 6404(b), if the spouse of a partner asserts that section 6013(e) applies with respect to a liability that is attributable to any adjustment to a partnership item, then such spouse may file with the Secretary within 60 days after the notice and demand (or notice of computational adjustment) is mailed to the spouse a request for abatement of the assessment specified in such notice. Upon receipt of such request, the Secretary shall abate the assessment. Any reassessment of the tax with respect to which an abatement is made under this subparagraph shall be subject to the deficiency procedures prescribed by subchapter B. The period for making any such reassessment shall not expire before the expiration of 60 days after the date of such abatement.

"(B) If the spouse files a petition with the Tax Court pursuant to section 6213 with respect to the request for abatement described in subparagraph (A), the Tax Court shall only have jurisdiction pursuant to this section to determine whether the requirements of section 6013(e) have been satisfied. For purposes of such determination, the treatment of partnership items under the settlement, the final partnership administrative adjustment, or the decision of the court (whichever is appropriate) that gave rise to the liability in question shall be conclusive.

"(C) Rules similar to the rules contained in subparagraphs (B) and (C) of paragraph (2) shall apply for purposes of this paragraph."

(b) CLAIMS FOR REFUND.—Subsection (c) of section 6230 is amended by adding at the end thereof the following new paragraph:

"(5) RULES FOR SEEKING INNOCENT SPOUSE RELIEF.—

"(A) IN GENERAL.—The spouse of a partner may file a claim for refund on the ground that the Secretary failed to relieve the spouse under section 6013(e) from a liability that is attributable to an adjustment to a partnership item.

"(B) TIME FOR FILING CLAIM.—Any claim under subparagraph (A) shall be filed within 6 months after the day on which the Secretary mails to the spouse the notice and demand (or notice of computational adjustment) referred to in subsection (a)(3)(A).

"(C) SUIT IF CLAIM NOT ALLOWED.—If the claim under subparagraph (B) is not allowed, the spouse may bring suit with respect to the claim within the period specified in paragraph (3).

"(D) PRIOR DETERMINATIONS ARE BINDING.—For purposes of any claim or suit under this paragraph, the treatment of partnership items under the settlement, the final partnership administrative adjustment, or the decision of the court (whichever is appropriate) that gave rise to the liability in question shall be conclusive."

(c) TECHNICAL AMENDMENTS.—

(1) Paragraph (1) of section 6230(a) is amended by striking "paragraph (2)" and inserting "paragraph (2) or (3)".

(2) Subsection (a) of section 6503 is amended by striking "section 6230(a)(2)(A)" and inserting "paragraph (2)(A) or (3) of section 6230(a)".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 4318. DETERMINATION OF PENALTIES AT PARTNERSHIP LEVEL.

(a) IN GENERAL.—Section 6221 (relating to tax treatment determined at partnership level) is amended by striking "item" and inserting "item (and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item)".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (f) of section 6226 is amended—

(A) by striking "relates and" and inserting "relates,", and

(B) by inserting before the period ", and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item".

(2) Clause (i) of section 6230(a)(2)(A) is amended to read as follows:

"(i) affected items which require partner level determinations (other than penalties, additions to tax, and additional amounts that relate to adjustments to partnership items), or".

(3)(A) Subparagraph (A) of section 6230(a)(3), as added by section 3317, is amended by inserting "(including any liability for any penalty, addition to tax, or additional amount relating to such adjustment)" after "partnership item".

(B) Subparagraph (B) of such section is amended by inserting "(and the applicability of any penalties, additions to tax, or additional amounts)" after "partnership items".

(C) Subparagraph (A) of section 6230(c)(5), as added by section 3317, is amended by inserting before the period "(including any liability for any penalties, additions to tax, or additional amounts relating to such adjustment)".

(D) Subparagraph (D) of section 6230(c)(5), as added by section 3317, is amended by inserting "(and the applicability of any penalties, additions to tax, or additional amounts)" after "partnership items".

(4) Paragraph (1) of section 6230(c) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by adding at the end thereof the following new subparagraph:

"(C) the Secretary erroneously imposed any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item."

(5) So much of subparagraph (A) of section 6230(c)(2) as precedes "shall be filed" is amended to read as follows:

"(A) UNDER PARAGRAPH (1) (A) OR (C).—Any claim under subparagraph (A) or (C) of paragraph (1)".

(6) Paragraph (4) of section 6230(c) is amended by adding at the end thereof the following: "In addition, the determination under the final partnership administrative adjustment or under the decision of the court (whichever is appropriate) concerning the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item shall also be conclusive.

Notwithstanding the preceding sentence, the partner shall be allowed to assert any partner level defenses that may apply or to challenge the amount of the computational adjustment."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 4319. PROVISIONS RELATING TO COURT JURISDICTION, ETC.

(a) TAX COURT JURISDICTION TO ENJOIN PREMATURE ASSESSMENTS OF DEFICIENCIES ATTRIBUTABLE TO PARTNERSHIP ITEMS.—Subsection (b) of section 6225 is amended by striking "the proper court." and inserting "the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action or proceeding under this subsection unless a timely petition for a readjustment of the partnership items for the taxable year has been filed and then only in respect of the adjustments that are the subject of such petition."

(b) JURISDICTION TO CONSIDER STATUTE OF LIMITATIONS WITH RESPECT TO PARTNERS.—Paragraph (1) of section 6226(d) is amended by adding at the end thereof the following new sentence:

"Notwithstanding subparagraph (B), any person treated under subsection (c) as a party to an action shall be permitted to participate in such action (or file a readjustment petition under subsection (b) or paragraph (2) of this subsection) solely for the purpose of asserting that the period of limitations for assessing any tax attributable to partnership items has expired with respect to such person, and the court having jurisdiction of such action shall have jurisdiction to consider such assertion."

(c) TAX COURT JURISDICTION TO DETERMINE OVERPAYMENTS ATTRIBUTABLE TO AFFECTED ITEMS.—

(1) Paragraph (6) of section 6230(d) is amended by striking "(or an affected item)".

(2) Paragraph (3) of section 6512(b) is amended by adding at the end thereof the following new sentence:

"In the case of a credit or refund relating to an affected item (within the meaning of section 6229), the preceding sentence shall be applied by substituting the periods under sections 6229 and 6230(d) for the periods under section 6511(b)(2), (c), and (d)."

(d) VENUE ON APPEAL.—

(1) Paragraph (1) of section 7482(b) is amended by striking "or" at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting ", or", and by inserting after subparagraph (E) the following new subparagraph:

"(F) in the case of a petition under section 6234(c)—

"(i) the legal residence of the petitioner if the petitioner is not a corporation, and

"(ii) the place or office applicable under subparagraph (B) if the petitioner is a corporation."

(2) The last sentence of section 7482(b) is amended by striking "or 6228(a)" and inserting ", 6228(a), or 6234(c)".

(e) OTHER PROVISIONS.—

(1) Subsection (c) of section 7459 is amended by striking "or section 6228(a)" and inserting ", 6228(a), or 6234(c)".

(2) Subsection (o) of section 6501 is amended by adding at the end thereof the following new paragraph:

"(3) For declaratory judgment relating to treatment of items other than partnership items with respect to an oversheltered return, see section 6234."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years ending after the date of the enactment of this Act.

SEC. 4320. TREATMENT OF PREMATURE PETITIONS FILED BY NOTICE PARTNERS OR 5-PERCENT GROUPS.

(a) IN GENERAL.—Subsection (b) of section 6226 (relating to judicial review of final partnership administrative adjustments) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) TREATMENT OF PREMATURE PETITIONS.—If—

"(A) a petition for a readjustment of partnership items for the taxable year involved is filed by a notice partner (or a 5-percent group) during the 90-day period described in subsection (a), and

"(B) no action is brought under paragraph (1) during the 60-day period described therein with respect to such taxable year which is not dismissed,

such petition shall be treated for purposes of paragraph (1) as filed on the last day of such 60-day period."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to petitions filed after the date of the enactment of this Act.

SEC. 4321. BONDS IN CASE OF APPEALS FROM TEFRA PROCEEDING.

(a) IN GENERAL.—Subsection (b) of section 7485 (relating to bonds to stay assessment of collection) is amended—

(1) by inserting "penalties," after "any interest,", and

(2) by striking "aggregate of such deficiencies" and inserting "aggregate liability of the parties to the action".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendments made by section 402 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 4322. SUSPENSION OF INTEREST WHERE DELAY IN COMPUTATIONAL ADJUSTMENT RESULTING FROM TEFRA SETTLEMENTS.

(a) IN GENERAL.—Subsection (c) of section 6601 (relating to interest on underpayment, nonpayment, or extension of time for payment, of tax) is amended by adding at the end thereof the following new sentence: "In the case of a settlement under section 6224(c) which results in the conversion of partnership items to nonpartnership items pursuant to section 6231(b)(1)(C), the preceding sentence shall apply to a computational adjustment resulting from such settlement in the same manner as if such adjustment were a deficiency and such settlement were a waiver referred to in the preceding sentence."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to settlements entered into after the date of the enactment of this Act.

Subtitle D—Foreign Provisions

PART I—SIMPLIFICATION OF TREATMENT OF PASSIVE FOREIGN CORPORATIONS

SEC. 4401. REPEAL OF FOREIGN PERSONAL HOLDING COMPANY RULES AND FOREIGN INVESTMENT COMPANY RULES.

(a) GENERAL RULE.—The following provisions are hereby repealed:

(1) Part III of subchapter G of chapter 1 (relating to foreign personal holding companies).

(2) Section 1246 (relating to gain on foreign investment company stock).

(3) Section 1247 (relating to election by foreign investment companies to distribute income currently).

(b) EXEMPTION OF FOREIGN CORPORATIONS FROM ACCUMULATED EARNINGS TAX AND PERSONAL HOLDING COMPANY RULES.—

(1) ACCUMULATED EARNINGS TAX.—Subsection (b) of section 532 (relating to exceptions) is amended—

(A) by striking paragraph (2) and inserting the following:

"(2) a foreign corporation, or",

(B) by striking ", or" at the end of paragraph (3) and inserting a period, and

(C) by striking paragraph (4).

(2) PERSONAL HOLDING COMPANY RULES.—Subsection (c) of section 542 (relating to exceptions) is amended—

(A) by striking paragraph (5) and inserting the following:

"(5) a foreign corporation,",

(B) by striking paragraphs (7) and (10) and by redesignating paragraphs (8) and (9) as paragraphs (7) and (8), respectively,

(C) by inserting "and" at the end of paragraph (7) (as so redesignated), and

(D) by striking "; and" at the end of paragraph (8) (as so redesignated) and inserting a period.

(c) TREATMENT OF CERTAIN SERVICE CONTRACTS UNDER SUBPART F.—

(1) Paragraph (1) of section 954(c) (defining foreign personal holding company income) is amended by adding at the end thereof the following new subparagraph:

"(F) PERSONAL SERVICE CONTRACTS.—

"(i) Amounts received under a contract under which the corporation is to furnish personal services, if some person other than the corporation has the right to designate (by name or by description) the individual who is to perform the services, or if the individual who is to perform the services is designated (by name or by description) in the contract.

"(ii) Amounts received from the sale or other disposition of such contract.

This subparagraph shall apply with respect to amounts received for services under a particular contract only if at some time during the taxable year 25 percent or more in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for the individual who has performed, is to perform, or may be designated (by name or by description) as the one to perform, such services. For purposes of the preceding sentence, the attribution rules of section 544 shall apply, determined as if any reference to section 543(a)(7) were a reference to this subparagraph."

(2) Clause (iii) of section 904(d)(2)(A) is amended by striking "and" at the end of subclause (III), by striking the period at the end of subclause (IV) and inserting ", and", and by adding at the end thereof the following new subclause:

"(V) any income described in section 954(c)(1)(F) (relating to personal service contracts)."

SEC. 4402. REPLACEMENT FOR PASSIVE FOREIGN INVESTMENT COMPANY RULES.

(a) GENERAL RULE.—Part VI of subchapter P of chapter 1 (relating to treatment of certain passive foreign investment companies) is amended to read as follows:

"PART VI—TREATMENT OF PASSIVE FOREIGN CORPORATIONS

"Subpart A. Current taxation rules.

"Subpart B. Interest on holdings to which subpart A does not apply.

"Subpart C. General provisions.

"Subpart A—Current Taxation Rules

"Sec. 1291. Stock in certain passive foreign corporations marked to market.

"Sec. 1292. Inclusion of income of certain passive foreign corporations.

"SEC. 1291. STOCK IN CERTAIN PASSIVE FOREIGN CORPORATIONS MARKED TO MARKET.

"(a) GENERAL RULE.—In the case of marketable stock in a passive foreign corporation which is owned (or treated under subsection (g) as owned) by a United States person at the close of any taxable year of such person—

"(1) If the fair market value of such stock as of the close of such taxable year exceeds its adjusted basis, such United States person shall include in gross income for such taxable year an amount equal to the amount of such excess.

"(2) If the adjusted basis of such stock exceeds the fair market value of such stock as of the close of such taxable year, such United States person shall be allowed a deduction for such taxable year equal to the lesser of—

"(A) the amount of such excess, or

"(B) the unreversed inclusions with respect to such stock.

"(b) BASIS ADJUSTMENTS.—

"(1) IN GENERAL.—The adjusted basis of stock in a passive foreign corporation—

"(A) shall be increased by the amount included in the gross income of the United

States person under subsection (a)(1) with respect to such stock, and

"(B) shall be decreased by the amount allowed as a deduction to the United States person under subsection (a)(2) with respect to such stock.

"(2) SPECIAL RULE FOR STOCK CONSTRUCTIVELY OWNED.—In the case of stock in a passive foreign corporation which the United States person is treated as owning under subsection (g)—

"(A) the adjustments under paragraph (1) shall apply to such stock in the hands of the person actually holding such stock but only for purposes of determining the subsequent treatment under this chapter of the United States person with respect to such stock, and

"(B) similar adjustments shall be made to the adjusted basis of the property by reason of which the United States person is treated as owning such stock.

"(c) CHARACTER AND SOURCE RULES.—

"(1) ORDINARY TREATMENT.—

"(A) GAIN.—Any amount included in gross income under subsection (a)(1), and any gain on the sale or other disposition of marketable stock in a passive foreign corporation, shall be treated as ordinary income.

"(B) LOSS.—Any—

"(i) amount allowed as a deduction under subsection (a)(2), and

"(ii) loss on the sale or other disposition of marketable stock in a passive foreign corporation to the extent that the amount of such loss does not exceed the unreversed inclusions with respect to such stock,

shall be treated as an ordinary loss. The amount so treated shall be treated as a deduction allowable in computing adjusted gross income.

"(2) SOURCE.—The source of any amount included in gross income under subsection (a)(1) (or allowed as a deduction under subsection (a)(2)) shall be determined in the same manner as if such amount were gain or loss (as the case may be) from the sale of stock in the passive foreign corporation.

"(d) UNREVERSED INCLUSIONS.—For purposes of this section, the term 'unreversed inclusions' means, with respect to any stock in a passive foreign corporation, the excess (if any) of—

"(1) the amount included in gross income of the taxpayer under subsection (a)(1) with respect to such stock for prior taxable years, over

"(2) the amount allowed as a deduction under subsection (a)(2) with respect to such stock for prior taxable years.

The amount referred to in paragraph (1) shall include any amount which would have been included in gross income under subsection (a)(1) with respect to such stock for any prior taxable year but for section 1293.

"(e) COORDINATION WITH SECTION 1292.—This section shall not apply with respect to any stock in a passive foreign corporation—

"(1) which is U.S. controlled,

"(2) which is a qualified electing fund with respect to the United States person for the taxable year, or

"(3) in which the United States person is a 25-percent shareholder.

"(f) TREATMENT OF CONTROLLED FOREIGN CORPORATIONS WHICH ARE SHAREHOLDERS IN PASSIVE FOREIGN CORPORATIONS.—In the case of a foreign corporation which is a controlled foreign corporation (or is treated as a controlled foreign corporation under section 1292) and which owns (or is treated under subsection (g) as owning) stock in a passive foreign corporation—

"(1) this section (other than subsection (c)(2) thereof) shall apply to such foreign corporation in the same manner as if such corporation were a United States person, and

"(2) for purposes of subpart F of part III of subchapter N—

"(A) any amount included in gross income under subsection (a)(1) shall be treated as foreign personal holding company income described in section 954(c)(1)(A), and

"(B) any amount allowed as a deduction under subsection (a)(2) shall be treated as a deduction allocable to foreign personal holding company income so described.

"(g) STOCK OWNED THROUGH CERTAIN FOREIGN ENTITIES.—Except as provided in regulations—

"(1) IN GENERAL.—For purposes of this section, stock owned, directly or indirectly, by or for a foreign partnership or foreign trust or foreign estate shall be considered as being owned proportionately by its partners or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(2) TREATMENT OF CERTAIN DISPOSITIONS.—In any case in which a United States person is treated as owning stock in a passive foreign corporation by reason of paragraph (1)—

"(A) any disposition by the United States person or by any other person which results in the United States person being treated as no longer owning such stock, and

"(B) any disposition by the person owning such stock,

shall be treated as a disposition by the United States person of the stock in the passive foreign corporation.

"(h) COORDINATION WITH SECTION 851(b).—For purposes of paragraphs (2) and (3) of section 851(b), any amount included in gross income under subsection (a) shall be treated as a dividend.

"(i) TRANSITION RULES.—

"(1) INDIVIDUALS BECOMING SUBJECT TO U.S. TAX.—If any individual becomes a United States person in a taxable year beginning after December 31, 1992, solely for purposes of this section, the adjusted basis (before adjustments under subsection (b)) of any marketable stock in a passive foreign corporation owned (or treated as owned under subsection (g)) by such individual on the first day of such taxable year shall be treated as being the greater of its fair market value on such first day or its adjusted basis on such first day.

"(2) MARKETABLE STOCK HELD BEFORE EFFECTIVE DATE.—

"(A) IN GENERAL.—If any marketable stock in a passive foreign corporation is owned (or treated under subsection (g) as owned) by a United States person on the first day of such person's first taxable year, beginning after December 31, 1992—

"(i) paragraph (2) of section 1294(a) shall apply to such stock as if it became marketable during such first taxable year; except that—

"(I) section 1293 shall not apply to the amount included in gross income under subsection (a) to the extent such amount is attributable to increases in fair market value during such first taxable year, and

"(II) the taxpayer's holding period shall be treated as having ended on the last day of the preceding taxable year for purposes of allocating amounts under section 1293(a)(1)(A), and

"(ii) such person may elect to extend the time for the payment of the applicable section 1293 deferred tax as provided in subparagraph (B).

"(B) ELECTION TO EXTEND TIME FOR PAYMENT.—

"(i) IN GENERAL.—At the election of the taxpayer, the time for the payment of the applicable section 1293 deferred tax shall be extended to the extent and subject to the limitations provided in this subparagraph.

"(ii) TERMINATION OF EXTENSION.—

"(I) DISTRIBUTIONS.—If any distribution is received with respect to any stock to which an extension under clause (i) relates and such distribution would be an excess distribution within the meaning of section 1293 if such section applied to such stock, then the extension under clause (i) for the appropriate portion (as determined under regulations) of the applicable section 1293 deferred tax shall expire on the last day prescribed by law (determined without regard to extensions) for filing the return of tax for the taxable year in which the distribution is received.

"(II) REVERSAL OF INCLUSION.—If an amount is allowable as a deduction under subsection (a)(2) with respect to any stock to which an extension under clause (i) relates and the amount so allowable is allocable to the amount which gave rise to the applicable section 1293 deferred tax, then the extension under clause (i) for the appropriate portion (as determined under regulations) of the applicable section 1293 deferred tax shall expire on the last day prescribed by law (determined without regard to extensions) for filing the return of the tax for the taxable year for which such deduction is allowed.

"(III) DISPOSITIONS, ETC.—If stock in a passive foreign corporation is disposed of during the taxable year, all extensions under clause (i) for payment of the applicable section 1293 deferred tax attributable to such stock which have not expired before the date of such disposition shall expire on the last date prescribed by law (determined without regard to extensions) for filing the return of tax for the taxable year in which such disposition occurs. To the extent provided in regulations, the preceding sentence shall not apply in the case of a disposition in a transaction with respect to which gain or loss is not recognized (in whole or in part), and the person acquiring such stock in such transaction shall succeed to the treatment under this section of the person making such disposition.

"(iii) OTHER RULES.—

"(I) ELECTION.—The election under clause (i) shall be made not later than the time prescribed by law (including extensions) for filing the return of tax imposed by this chapter for the first taxable year referred to in subparagraph (A).

"(II) TREATMENT OF LOANS TO SHAREHOLDER.—For purposes of this subparagraph, any loan by a passive foreign corporation (directly or indirectly) to a shareholder of such corporation shall be treated as a distribution to such shareholder.

"(C) CROSS REFERENCE.—

"For provisions providing for interest for the period of the extension under this paragraph, see section 6601.

"(D) APPLICABLE SECTION 1293 DEFERRED TAX.—For purposes of this paragraph, the term 'applicable section 1293 deferred tax' means the deferred tax amount determined under section 1293 with respect to the amount which, but for section 1293, would have been included in gross income for the first taxable year referred to in subparagraph (A). Such term also includes the tax imposed by this chapter for such first taxable year to the extent attributable to the amounts allocated under section 1293(a)(1)(A) to a period described in section 1293(a)(1)(B)(ii).

"(3) SPECIAL RULES FOR REGULATED INVESTMENT COMPANIES.—

"(A) IN GENERAL.—If any marketable stock in a passive foreign corporation is owned (or treated under subsection (g) as owned) by a regulated investment company on the first day of such company's first taxable year beginning after December 31, 1992—

"(i) section 1293 shall not apply to such stock with respect to any distribution or disposition during, or amount included in gross income under this section for, such first taxable year, but

"(ii) such company's tax under this chapter for such first taxable year shall be increased by the aggregate amount of interest which would have been determined under section 1293(c)(3) if section 1293 were applied without regard to this subparagraph.

"(B) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed to any regulated investment company for the increase in tax under subparagraph (A)(ii).

"SEC. 1292. CURRENT INCLUSION OF INCOME OF CERTAIN PASSIVE FOREIGN CORPORATIONS.

"(a) PASSIVE FOREIGN CORPORATIONS WHICH ARE U.S. CONTROLLED.—

"(1) TREATMENT UNDER SUBPART F.—

"(A) IN GENERAL.—If a passive foreign corporation is United States controlled, then for purposes of subpart F of part III of subchapter N—

"(i) such corporation, if not otherwise a controlled foreign corporation, shall be treated as a controlled foreign corporation,

"(ii) the term 'United States shareholder' means, with respect to such corporation, any United States person who owns (within the meaning of section 958(a)) any stock in such corporation,

"(iii) the entire gross income of such corporation shall, after being reduced under the principles of paragraph (5) of section 954(b), be treated as foreign base company income, and

"(iv) sections 970 and 971 shall not apply.

Except as provided in regulations, the preceding sentence shall also apply for purposes of section 904(d).

"(B) SPECIAL RULES.—If any taxpayer is treated as being a United States shareholder in a controlled foreign corporation solely by reason of this section—

"(i) section 954(b)(4) (relating to exception for certain income subject to high foreign taxes) shall not apply for purposes of determining the amount included in the gross income of such taxpayer under section 951 by reason of being so treated with respect to such corporation, and

"(ii) the amount so included in the gross income of such taxpayer under section 951 with respect to such corporation shall be treated as long-term capital gain to the extent attributable to the net capital gain of such corporation.

"(2) U.S. CONTROLLED.—For purposes of this subpart, a passive foreign corporation is United States controlled if—

"(A) such corporation is a controlled foreign corporation determined without regard to this subsection, or

"(B) at any time during the taxable year more than 50 percent of—

"(i) the total combined voting power of all classes of stock of such corporation entitled to vote, or

"(ii) the total value of the stock of such corporation,

is owned directly or indirectly by 5 or fewer United States persons.

"(3) CONSTRUCTIVE OWNERSHIP RULES FOR PURPOSES OF PARAGRAPH (2)(B).—For purposes of paragraph (2)(B), the attribution rules provided in section 544 shall apply, determined as if any reference to a personal holding company were a reference to a corporation described in paragraph (2)(B) (and any reference to the stock ownership requirement provided in section 542(a)(2) were a reference to the requirement of paragraph (2)(B)); except that—

"(A) subsection (a)(4) of such section shall be applied by substituting 'Paragraphs (1), (2), and (3)' for 'Paragraphs (2) and (3)',

"(B) stock owned by a nonresident alien individual shall not be considered by reason of attribution through family membership as owned by a citizen or resident alien individual who is not the spouse of the nonresident alien individual and who does not otherwise own stock in the foreign corporation (determined after the application of such attribution rules other than attribution through family membership), and

"(C) stock of a corporation owned by any foreign person shall not be considered by reason of attribution through partners as owned by a citizen or resident of the United States who does not otherwise own stock in the foreign corporation (determined after the application of such attribution rules and subparagraph (A), other than attribution through partners).

"(b) TAXPAYERS ELECTING CURRENT INCLUSION AND 25-PERCENT SHAREHOLDERS.—

"(1) IN GENERAL.—If a passive foreign corporation which is not United States controlled is a qualified electing fund with respect to any taxpayer or the taxpayer is a 25-percent shareholder in such corporation, then for purposes of subpart F of part III of subchapter N—

"(A) such passive foreign corporation shall be treated as a controlled foreign corporation with respect to such taxpayer,

"(B) such taxpayer shall be treated as a United States shareholder in such corporation, and

"(C) the modifications of clauses (iii) and (iv) of subsection (a)(1)(A) and of subparagraph (B) of subsection (a)(1) shall apply in determining the amount included under such subpart F in the gross income of such taxpayer (and the character of the amount so included).

For purposes of section 904(d), any amount included in the gross income of the taxpayer under the preceding sentence shall be treated as a dividend from a foreign corporation which is not a controlled foreign corporation.

"(2) QUALIFIED ELECTING FUND.—For purposes of this subpart, the term 'qualified electing fund' means any passive foreign corporation if—

"(A) an election by the taxpayer under paragraph (3) applies to such corporation for the taxable year of the taxpayer, and

"(B) such corporation complies with such requirements as the Secretary may prescribe for purposes of carrying out the purposes of this subpart.

"(3) ELECTION.—

"(A) IN GENERAL.—A taxpayer may make an election under this paragraph with respect to any passive foreign corporation for any taxable year of the taxpayer. Such an election, once made with respect to any corporation, shall apply to all subsequent taxable years of the taxpayer with respect to such corporation unless revoked by the taxpayer with the consent of the Secretary.

"(B) WHEN MADE.—An election under this subsection may be made for any taxable year of the taxpayer at any time on or before the due date (determined with regard to extensions) for filing the return of the tax imposed by this chapter for such taxable year. To the extent provided in regulations, such an election may be made later than as required in the preceding sentence where the taxpayer fails to make a timely election because the taxpayer reasonably believes that the corporation was not a passive foreign corporation.

"(4) 25-PERCENT SHAREHOLDER.—For purposes of this subpart, the term '25-percent shareholder' means, with respect to any passive foreign corporation, any United States person who owns (within the meaning of section 958(a)), or is considered as owning by applying the rules of section 958(b), 25 percent or more (by vote or value) of the stock of such corporation.

"SUBPART B—INTEREST ON HOLDINGS TO WHICH SUBPART A DOES NOT APPLY

"Sec. 1293. Interest on tax deferral.

"Sec. 1294. Definitions and special rules.

"SEC. 1293. INTEREST ON TAX DEFERRAL.

"(a) TREATMENT OF DISTRIBUTIONS AND STOCK DISPOSITIONS.—

"(1) DISTRIBUTIONS.—If a United States person receives an excess distribution in respect of stock to which this section applies, then—

"(A) the amount of the excess distribution shall be allocated ratably to each day in the taxpayer's holding period for the stock,

"(B) with respect to such excess distribution, the taxpayer's gross income for the current year shall include (as ordinary income) only the amounts allocated under subparagraph (A) to—

"(i) the current year, or

"(ii) any period in the taxpayer's holding period before the first day of the first taxable year of the corporation which begins after December 31, 1986, and for which it was a passive foreign corporation, and

"(C) the tax imposed by this chapter for the current year shall be increased by the deferred tax amount (determined under subsection (c)).

"(2) DISPOSITIONS.—If the taxpayer disposes of stock to which this section applies, then the rules of paragraph (1) shall apply to any gain recognized on such disposition in the same manner as if such gain were an excess distribution.

"(3) DEFINITIONS.—For purposes of this subpart—

"(A) HOLDING PERIOD.—The taxpayer's holding period shall be determined under section 1223; except that—

"(i) for purposes of applying this section to an excess distribution, such holding period shall be treated as ending on the date of such distribution, and

"(ii) if section 1291 applied to such stock with respect to the taxpayer for any prior taxable year, such holding period shall be treated as beginning on the first day of the first taxable year beginning after the last taxable year for which section 1291 so applied.

"(B) CURRENT YEAR.—The term 'current year' means the taxable year in which the excess distribution or disposition occurs.

"(b) EXCESS DISTRIBUTION.—

"(1) IN GENERAL.—For purposes of this section, the term 'excess distribution' means any distribution in respect of stock received during any taxable year to the extent such distribution does not exceed its ratable portion of the total excess distribution (if any) for such taxable year.

"(2) TOTAL EXCESS DISTRIBUTION.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'total excess distribution' means the excess (if any) of—

"(i) the amount of the distributions in respect of the stock received by the taxpayer during the taxable year, over

"(ii) 125 percent of the average amount received in respect of such stock by the taxpayer during the 3 preceding taxable years (or, if shorter, the portion of the taxpayer's holding period before the taxable year).

For purposes of clause (ii), any excess distribution received during such 3-year period shall be taken into account only to the extent it was included in gross income under subsection (a)(1)(B).

"(B) NO EXCESS FOR FIRST YEAR.—The total excess distributions with respect to any stock shall be zero for the taxable year in which the taxpayer's holding period in such stock begins.

"(3) ADJUSTMENTS.—Under regulations prescribed by the Secretary—

"(A) determinations under this subsection shall be made on a share-by-share basis, except that shares with the same holding period may be aggregated,

"(B) proper adjustments shall be made for stock splits and stock dividends,

"(C) if the taxpayer does not hold the stock during the entire taxable year, distributions received during such year shall be annualized,

"(D) if the taxpayer's holding period includes periods during which the stock was held by another person, distributions received by such other person shall be taken into account as if received by the taxpayer,

"(E) if the distributions are received in a foreign currency, determinations under this subsection shall be made in such currency and the amount of any excess distribution determined in such currency shall be translated into dollars,

"(F) proper adjustment shall be made for amounts not includible in gross income by reason of section 959(a) or for which a deduction is allowable under section 245(c), and

"(G) if a charitable deduction was allowable under section 642(c) to a trust for any distribution of its income, proper adjustments shall be made for the deduction so allowable to the extent allocable to distributions or gain in respect of stock in a passive foreign corporation.

For purposes of subparagraph (F), any amount not includible in gross income by reason of section 551(d) (as in effect on January 1, 1992) or 1293(c) (as so in effect) shall be treated as an amount not includible in gross income by reason of section 959(a).

"(c) DEFERRED TAX AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'deferred tax amount' means, with respect to any distribution or disposition to which subsection (a) applies, an amount equal to the sum of—

"(A) the aggregate increases in taxes described in paragraph (2), plus

"(B) the aggregate amount of interest (determined in the manner provided under paragraph (3)) on such increases in tax.

Any increase in the tax imposed by this chapter for the current year under subsection (a) to the extent attributable to the amount referred to in subparagraph (B) shall be treated as interest paid under section 6601 on the due date for the current year.

"(2) AGGREGATE INCREASES IN TAXES.—For purposes of paragraph (1)(A), the aggregate increases in taxes shall be determined by multiplying each amount allocated under subsection (a)(1)(A) to any taxable year (other than the current year) by the highest rate of tax in effect for such taxable year under section 1 or 11, whichever applies.

"(3) COMPUTATION OF INTEREST.—

"(A) IN GENERAL.—The amount of interest referred to in paragraph (1)(B) on any increase determined under paragraph (2) for any taxable year shall be determined for the period—

"(i) beginning on the due date for such taxable year, and

"(ii) ending on the due date for the taxable year with or within which the distribution or disposition occurs,

by using the rates and method applicable under section 6621 for underpayments of tax for such period.

"(B) DUE DATE.—For purposes of this subsection, the term 'due date' means the date prescribed by law (determined without regard to extensions) for filing the return of the tax imposed by this chapter for the taxable year.

"(C) SPECIAL RULE.—For purposes of determining the amount of interest referred to in paragraph (1)(B), the amount of any increase in tax determined under paragraph (2) shall be determined without regard to any reduction under section 1294(d) for a tax described in paragraph (2)(A)(ii) thereof.

"SEC. 1294. DEFINITIONS AND SPECIAL RULES.

"(a) STOCK TO WHICH SECTION 1293 APPLIES.—

"(1) IN GENERAL.—Except as otherwise provided in this paragraph, section 1293 shall apply to any stock in a passive foreign corporation unless—

"(A) such stock is marketable stock as of the time of the distribution or disposition involved, or

"(B)(i) with respect to each of such corporation's taxable years which begin after December 31, 1992, and include any portion of the taxpayer's holding period in such stock—

"(I) such corporation was U.S. controlled (within the meaning of section 1292(a)(2)), or

"(II) such corporation was treated as a controlled foreign corporation under section 1292(b) with respect to the taxpayer, and

"(ii) with respect to each of such corporation's taxable years which begin after December 31, 1986, and before January 1, 1993, and include any portion of the taxpayer's holding period in such stock, such corporation was treated as a qualified electing fund under this part (as in effect on January 1, 1992) with respect to the taxpayer.

"(2) TREATMENT WHERE STOCK BECOMES MARKETABLE.—If any stock in a passive foreign corporation becomes marketable stock after the beginning of the taxpayer's holding period in such stock, section 1293 shall apply to—

"(A) any distributions with respect to, or disposition of, such stock in the taxable year of the taxpayer in which it becomes so marketable, and

"(B) any amount which, but for section 1293, would have been included in gross income under section 1291(a) with respect to such stock for such taxable year in the same manner as if such amount were gain on the disposition of such stock.

"(3) ELECTION TO RECOGNIZE GAIN WHERE COMPANY BECOMES SUBJECT TO CURRENT INCLUSIONS.—

"(A) IN GENERAL.—If—

"(i) a passive foreign corporation first meets the requirements of clause (i) of paragraph (1)(B) with respect to the taxpayer for a taxable year of such taxpayer which begins after December 31, 1992,

"(ii) the taxpayer holds stock in such company on the first day of such taxable year, and

"(iii) the taxpayer establishes to the satisfaction of the Secretary the fair market value of such stock on such first day,

the taxpayer may elect to recognize gain as if he sold such stock on such first day for such fair market value.

"(B) ADDITIONAL ELECTION FOR SHAREHOLDER OF CONTROLLED FOREIGN CORPORATIONS.—

"(i) IN GENERAL.—If—

"(I) a passive foreign corporation first meets the requirements of subclause (I) of paragraph (1)(B)(i) with respect to the taxpayer for a taxable year of such taxpayer which begins after December 31, 1992,

"(II) the taxpayer holds stock in such corporation on the first day of such taxable year, and

"(III) such corporation is a controlled foreign corporation without regard to this part, the taxpayer may elect to be treated as receiving a dividend on such first day in an amount equal to the portion of the post-1986 earnings and profits of such corporation attributable (under regulations prescribed by the Secretary) to the stock in such corporation held by the taxpayer on such first day. The amount treated as a dividend under the preceding sentence shall be treated as an excess distribution and shall be allocated under section 1293(a)(1)(A) only two days during periods taken into account in determining the post-1986 earnings and profits so attributable.

"(ii) POST-1986 EARNINGS AND PROFITS.—For purposes of clause (i), the term 'post-1986 earnings and profits' means earnings and profits which were accumulated in taxable years of the corporation beginning after December 31, 1986, and during the period or periods the stock was held by the taxpayer while the corporation was a passive foreign corporation.

"(iii) COORDINATION WITH SECTION 959(E).—For purposes of section 959(e), any amount treated as a dividend under this subparagraph shall be treated as included in gross income under section 1248(a).

"(C) ADJUSTMENTS.—In the case of any stock to which subparagraph (A) or (B) applies—

"(i) the adjusted basis of such stock shall be increased by the gain recognized under subparagraph (A) or the amount treated as a dividend under subparagraph (B), as the case may be, and

"(ii) the taxpayer's holding period in such stock shall be treated as beginning on the first day referred to in such subparagraph.

"(b) RULES RELATING TO STOCK ACQUIRED FROM A DECEDENT.—

"(1) BASIS.—In the case of stock of a passive foreign corporation acquired by bequest, devise, or inheritance (or by the decedent's estate), notwithstanding section 1014, the basis of such stock in the hands of the person so acquiring it shall be the adjusted basis of such stock in the hands of the decedent immediately before his death (or, if lesser, the basis which would have been determined under section 1014 without regard to this paragraph).

"(2) DEDUCTION FOR ESTATE TAX.—If stock in a passive foreign corporation is acquired from a decedent, the taxpayer shall, under regulations prescribed by the Secretary, be allowed (for the taxable year of the sale or exchange) a deduction from gross income equal to that portion of the decedent's estate tax deemed paid which is attributable to the excess of (A) the value at which such stock was taken into account for purposes of determining the value of the decedent's gross estate, over (B) the basis determined under paragraph (1).

"(3) EXCEPTIONS.—This subsection shall not apply to any stock in a passive foreign corporation if—

"(A) section 1293 would not have applied to a disposition of such stock by the decedent immediately before his death, or

"(B) the decedent was a nonresident alien at all times during his holding period in such stock.

"(c) RECOGNITION OF GAIN.—Except as otherwise provided in regulations, in the case of any transfer of stock in a passive foreign company to which section 1293 applies, where (but for this subsection) there is not full recognition of gain, the excess (if any) of—

"(1) the fair market value of such stock, or

"(2) its adjusted basis,

shall be treated as gain from the sale or exchange of such stock and shall be recognized notwithstanding any provision of law. Proper adjustment shall be made to the basis of property for gain recognized under the preceding sentence.

"(d) COORDINATION WITH FOREIGN TAX CREDIT RULES.—

"(1) IN GENERAL.—If there are creditable foreign taxes with respect to any distribution in respect of stock in a passive foreign corporation—

"(A) the amount of such distribution shall be determined for purposes of section 1293 with regard to section 78,

"(B) the excess distribution taxes shall be allocated ratably to each day in the taxpayer's holding period for the stock, and

"(C) to the extent—

"(i) that such excess distribution taxes are allocated to a taxable year referred to in section 1293(a)(1)(B), such taxes shall be taken into account under section 901 for the current year, and

"(ii) that such excess distribution taxes are allocated to any other taxable year, such taxes shall reduce (subject to the principles of section 904 and not below zero) the increase in tax determined under section 1293(c)(2) for such taxable year by reason of such distribution (but such taxes shall not be taken into account under section 901).

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) CREDITABLE FOREIGN TAXES.—The term 'creditable foreign taxes' means, with respect to any distribution—

"(i) any foreign taxes deemed paid under section 902 with respect to such distribution, and

"(ii) any withholding tax imposed with respect to such distribution,

but only if the taxpayer chooses the benefits of section 901 and such taxes are creditable under section 901 (determined without regard to paragraph (1)(C)(ii)).

"(B) EXCESS DISTRIBUTION TAXES.—The term 'excess distribution taxes' means, with respect to any distribution, the portion of the creditable foreign taxes with respect to such distribution which is attributable (on a pro rata basis) to the portion of such distribution which is an excess distribution.

"(C) SECTION 1248 GAIN.—The rules of this subsection also shall apply in the case of any gain which but for this section would be includible in gross income as a dividend under section 1248.

"(e) ATTRIBUTION OF OWNERSHIP.—For purposes of this subpart—

"(1) ATTRIBUTION TO UNITED STATES PERSONS.—This subsection—

"(A) shall apply to the extent that the effect is to treat stock of a passive foreign corporation as owned by a United States person, and

"(B) except as provided in paragraph (3) or in regulations, shall not apply to treat stock owned (or treated as owned under this subsection) by a United States person as owned by any other person.

"(2) CORPORATIONS.—

"(A) IN GENERAL.—If 50 percent or more in value of the stock of a corporation (other than an S corporation) is owned, directly or indirectly, by or for any person, such person shall be considered as owning the stock owned directly or indirectly by or for such corporation in that proportion which the value of the stock which such person so owns bears to the value of all stock in the corporation.

"(B) 50-PERCENT LIMITATION NOT TO APPLY IN CERTAIN CASES.—For purposes of determining whether a shareholder of a passive foreign corporation (or whether a United States shareholder of a controlled foreign corporation which is not a passive foreign corporation) is treated as owning stock owned directly or indirectly by or for such corporation, subparagraph (A) shall be applied without regard to the 50-percent limitation contained therein.

"(C) FAMILY AND PARTNER ATTRIBUTION FOR 50-PERCENT LIMITATION.—For purposes of determining whether the 50-percent limitation of subparagraph (A) is met, the constructive ownership rules of section 544(a)(2) shall apply in addition to the other rules of this subsection.

"(3) PARTNERSHIPS, ETC.—Except as provided in regulations, stock owned, directly or indirectly, by or for a partnership, S corporation, estate, or trust shall be considered as being owned proportionately by its partners, shareholders, or beneficiaries (as the case may be).

"(4) OPTIONS.—To the extent provided in regulations, if any person has an option to acquire stock, such stock shall be considered as owned by such person. For purposes of this paragraph, an option to acquire such an option, and each one of a series of such options, shall be considered as an option to acquire such stock.

"(5) SUCCESSIVE APPLICATION.—Stock considered to be owned by a person by reason of the application of paragraph (2), (3), or (4) shall, for purposes of applying such paragraphs, be considered as actually owned by such person.

"(f) OTHER SPECIAL RULES.—For purposes of this subpart—

"(1) TIME FOR DETERMINATION.—Stock held by a taxpayer shall be treated as stock in a passive foreign corporation if, at any time during the holding period of the taxpayer with respect to such stock, such corporation (or any predecessor) was a passive foreign corporation. The preceding sentence shall not apply if the taxpayer elects to recognize gain (as of the last day of the last taxable year for which the company was a passive foreign corporation) under rules similar to the rules of subsection (a)(3)(A).

"(2) APPLICATION OF SUBPART WHERE STOCK HELD BY OTHER ENTITY.—Under regulations—

"(A) IN GENERAL.—In any case in which a United States person is treated as owning stock in a passive foreign corporation by reason of subsection (e)—

"(i) any transaction which results in the United States person being treated as no longer owning such stock,

"(ii) any disposition of such stock by the person owning such stock, and

"(iii) any distribution of property in respect of such stock to the person holding such stock,

shall be treated as a disposition by, or distribution to, the United States person with respect to the stock in the passive foreign corporation.

"(B) AMOUNT TREATED IN SAME MANNER AS PREVIOUSLY TAXED INCOME.—Rules similar to the rules of section 959(b) shall apply to any amount described in subparagraph (A) in respect of stock which the taxpayer is treated as owning under subsection (e).

"(C) COORDINATION WITH SECTION 951.—If, but for this subparagraph, an amount would be taken into account under section 1293 by reason of subparagraph (A) and such amount would also be included in the gross income of the taxpayer under section 951, such amount shall only be taken into account under section 1293.

"(3) DISPOSITIONS.—Except as provided in regulations, if a taxpayer uses any stock in a passive foreign corporation as security for a loan, the taxpayer shall be treated as having disposed of such stock.

"SUBPART C—GENERAL PROVISIONS

"Sec. 1296. Passive foreign corporation.

"Sec. 1297. Special rules.

"SEC. 1296. PASSIVE FOREIGN CORPORATION.

"(a) IN GENERAL.—For purposes of this part, except as otherwise provided in this subpart, the term 'passive foreign corporation' means any foreign corporation if—

"(1) 60 percent or more of the gross income of such corporation for the taxable year is passive income,

"(2) the average percentage of assets (by value) held by such corporation during the taxable year which produce passive income or which are held for the production of passive income is at least 50 percent, or

"(3) such corporation is registered under the Investment Company Act of 1940, as amended (15 U.S.C. 80a-1 to 80b-2), either as a management company or as a unit investment trust.

A foreign corporation may elect to have the determination under paragraph (2) based on the adjusted bases of its assets in lieu of their value. Such an election, once made, may be revoked only with the consent of the Secretary.

"(b) PASSIVE INCOME.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'passive income' means any income which is of a kind which would be foreign personal holding company income as defined in section 954(c) without regard to paragraph (3) thereof.

"(2) EXCEPTIONS.—Except as provided in regulations, the term 'passive income' does not include any income—

"(A) derived in the active conduct of a banking business by an institution licensed to do business as a bank in the United States (or, to the extent provided in regulations, by any other corporation),

"(B) derived in the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business and which would be subject to tax under subchapter L if it were a domestic corporation,

"(C) which is interest, a dividend, or a rent or royalty, which is received or accrued from a related person (within the meaning of section 954(d)(3)) to the extent such amount is properly allocable (under regulations prescribed by the Secretary) to income of such related person which is not passive income, or

"(D) any foreign trade income of a FSC.

For purposes of subparagraph (C), the term 'related person' has the meaning given such term by section 954(d)(3) determined by substituting 'foreign corporation' for 'controlled foreign corporation' each place it appears in section 954(d)(3).

"(3) TREATMENT OF INCOME FROM CERTAIN ASSETS.—To the extent that any asset is

properly treated as not held for the production of passive income for purposes of subsection (a)(2), all income from such asset shall be treated as income which is not passive income.

"(c) LOOK-THROUGH IN CASE OF 25-PERCENT OWNED CORPORATION.—If a foreign corporation owns (directly or indirectly) at least 25 percent (by value) of the stock of another corporation, for purposes of determining whether such foreign corporation is a passive foreign corporation, such foreign corporation shall be treated as if it—

"(1) held its proportionate share of the assets of such other corporation, and

"(2) received directly its proportionate share of the income of such other corporation.

"SEC. 1297. SPECIAL RULES.

"(a) UNITED STATES PERSON.—For purposes of this part, the term 'United States person' has the meaning given to such term by section 7701(a)(30).

"(b) CONTROLLED FOREIGN CORPORATION.—For purposes of this part, the term 'controlled foreign corporation' has the meaning given such term by section 957(a).

"(c) MARKETABLE STOCK.—For purposes of this part—

"(1) IN GENERAL.—The term 'marketable stock' means—

"(A) any stock which is regularly traded on—

"(i) a national securities exchange which is registered with the Securities and Exchange Commission or the national market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or

"(ii) any exchange or other market which the Secretary determines has rules adequate to carry out the purposes of this part, and

"(B) to the extent provided in regulations, stock in any foreign corporation which is comparable to a regulated investment company and which offers for sale or has outstanding any stock of which it is the issuer and which is redeemable at its net asset value.

"(2) SPECIAL RULE FOR REGULATED INVESTMENT COMPANIES.—In the case of any regulated investment company which is offering for sale or has outstanding any stock of which it is the issuer and which is redeemable at its net asset value, all stock in a passive foreign corporation which it owns (or is treated under section 1291(g) as owning) shall be treated as marketable stock for purposes of this part. Except as provided in regulations, a similar rule shall apply in the case of any other regulated investment company.

"(d) OTHER SPECIAL RULES.—For purposes of this part—

"(1) CERTAIN CORPORATIONS NOT TREATED AS PASSIVE.—A corporation shall not be treated as a passive foreign corporation for the 1st taxable year such corporation has gross income (hereinafter in this paragraph referred to as the 'start-up year') if—

"(A) no predecessor of such corporation was a passive foreign corporation,

"(B) it is established to the satisfaction of the Secretary that such corporation will not be a passive foreign corporation for either of the 1st 2 taxable years following the start-up year, and

"(C) such corporation is not a passive foreign corporation for either of the 1st 2 taxable years following the start-up year.

"(2) CERTAIN CORPORATIONS CHANGING BUSINESSES.—A corporation shall not be treated as a passive foreign corporation for any taxable year if—

"(A) neither such corporation (nor any predecessor) was a passive foreign corporation for any prior taxable year,

"(B) it is established to the satisfaction of the Secretary that—

"(i) substantially all of the passive income of the corporation for the taxable year is attributable to proceeds from the disposition of 1 or more active trades or businesses, and

"(ii) such corporation will not be a passive foreign corporation for either of the 1st 2 taxable years following the taxable year, and

"(C) such corporation is not a passive foreign corporation for either of such 2 taxable years.

For purposes of section 1296(c), any passive income referred to in subparagraph (B)(i) shall be treated as income which is not passive income and any assets which produce income so described shall be treated as assets producing income other than passive income.

"(3) TREATMENT OF CERTAIN FOREIGN CORPORATIONS OWNING STOCK IN 25-PERCENT OWNED DOMESTIC CORPORATION.—

"(A) IN GENERAL.—If a foreign corporation owns at least 25 percent (by value) of the stock of a domestic corporation, for purposes of determining whether such foreign corporation is a passive foreign corporation, any qualified stock held by such domestic corporation shall be treated as an asset which does not produce passive income (and is not held for the production of passive income) and any amount included in gross income with respect to such stock shall not be treated as passive income.

"(B) QUALIFIED STOCK.—For purposes of subparagraph (A), the term 'qualified stock' means any stock in a C corporation which is a domestic corporation and which is not a regulated investment company or real estate investment trust.

"(4) TREATMENT OF CORPORATION WHICH WAS A PFIC.—A corporation shall be treated as a passive foreign corporation for any taxable year beginning before January 1, 1993, if and only if such corporation was a passive foreign investment company under this part as in effect for such taxable year.

"(5) SEPARATE INTERESTS TREATED AS SEPARATE CORPORATIONS.—Under regulations prescribed by the Secretary, where necessary to carry out the purposes of this part, separate classes of stock (or other interests) in a corporation shall be treated as interests in separate corporations.

"(e) TREATMENT OF CERTAIN LEASED PROPERTY.—For purposes of section 1296(a)(2)—

"(1) IN GENERAL.—Any tangible personal property with respect to which the foreign corporation is the lessee under a lease with a term of at least 12 months shall be treated as an asset actually held by such corporation.

"(2) DETERMINATION OF VALUE.—

"(A) IN GENERAL.—The value of any asset to which paragraph (1) applies shall be the lesser of—

"(i) the fair market value of such property, or

"(ii) the unamortized portion (as determined under regulations prescribed by the Secretary) of the present value of the payments under the lease for the use of such property.

"(B) PRESENT VALUE.—For purposes of subparagraph (A), the present value of payments described in subparagraph (A)(ii) shall be determined in the manner provided in regulations prescribed by the Secretary—

"(i) as of the beginning of the lease term, and

"(ii) except as provided in such regulations, by using a discount rate equal to the applicable Federal rate determined under section 1274(d)—

"(I) by substituting the lease term for the term of the debt instrument, and

"(II) without regard to paragraph (2) or (3) thereof.

"(3) EXCEPTIONS.—This subsection shall not apply in any case where—

"(A) the lessor is a related person (as defined in the last sentence of section 1296(b)(2)) with respect to the foreign corporation, or

"(B) a principal purpose of leasing the property was to avoid the provisions of this part.

"(f) ELECTION BY CERTAIN PASSIVE FOREIGN CORPORATIONS TO BE TREATED AS A DOMESTIC CORPORATION.—

"(1) IN GENERAL.—For purposes of this title, if—

"(A) a passive foreign corporation would qualify as a regulated investment company under part I of subchapter M if such passive foreign corporation were a domestic corporation,

"(B) such passive foreign corporation meets such requirements as the Secretary shall prescribe to ensure that the taxes imposed by this title on such passive foreign corporation are paid, and

"(C) such passive foreign corporation makes an election to have this paragraph apply and waives all benefits which are granted by the United States under any treaty and to which such corporation would otherwise be entitled by reason of being a resident of another country,

such corporation shall be treated as a domestic corporation.

"(2) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2), (3), (4)(A), and (5) of section 953(d) shall apply with respect to any corporation making an election under paragraph (1).

"(g) SPECIAL RULES FOR CERTAIN TAXPAYERS.—

"(1) TAX-EXEMPT ORGANIZATIONS.—In the case of any organization exempt from tax under section 501—

"(A) this part shall apply to any stock in a passive foreign corporation owned (or treated as owned under section 1294(e)) by such organization only to the extent that a dividend on such stock would be taken into account in determining the unrelated business taxable income of such organization, and

"(B) to the extent that this part applies to any such stock, this part shall be applied in the same manner as if such organization were not exempt from tax under section 501(a).

"(2) TREATMENT OF STOCK HELD BY POOLED INCOME FUND.—If stock in a passive foreign corporation is owned (or treated as owned under section 1294(e)) by a pooled income fund (as defined in section 642(c)(5)) and no portion of any gain from a disposition of such stock may be allocated to income under the terms of the governing instrument of such fund—

"(A) section 1293 shall not apply to any gain on a disposition of such stock by such fund if (without regard to section 1293) a deduction would be allowable with respect to such gain under section 642(c)(3),

"(B) subpart A shall not apply with respect to such stock, and

"(C) in determining whether section 1293 applies to any distribution in respect of such stock, such stock shall be treated as failing to qualify for the exceptions under section 1294(a)(1).

"(h) INFORMATION FROM SHAREHOLDERS.—Every United States person who owns stock in any passive foreign corporation shall fur-

nish with respect to such corporation such information as the Secretary may prescribe.

"(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations—

"(1) providing that gross income shall be determined without regard to section 1293 for such purposes as may be specified in such regulations, and

"(2) to prevent avoidance of the provisions of this part through changes in citizenship or residence status.".

(b) INSTALLMENT SALES TREATMENT NOT AVAILABLE.—Paragraph (2) of section 453(k) is amended by striking "or" at the end of subparagraph (A), by inserting "or" at the end of subparagraph (B), and by adding at the end thereof the following new subparagraph:

"(C) stock in a passive foreign corporation (as defined in section 1296) if section 1293 applies to such sale,".

(c) TREATMENT OF MARK-TO-MARKET GAIN UNDER SECTION 4982.—

(1) Subsection (e) of section 4982 is amended by adding at the end thereof the following new paragraph:

"(6) TREATMENT OF GAIN RECOGNIZED UNDER SECTION 1291.—For purposes of determining a regulated investment company's ordinary income—

"(A) notwithstanding paragraph (1)(C), section 1291 shall be applied as if such company's taxable year ended on October 31, and

"(B) any ordinary gain or loss from an actual disposition of stock in a passive foreign corporation during the portion of the calendar year after October 31 shall be taken into account in determining such company's ordinary income for the following calendar year.

In the case of a company making an election under paragraph (4), the preceding sentence shall be applied by substituting the last day of the company's taxable year for October 31.".

(2) Subsection (b) of section 852 is amended by adding at the end thereof the following new paragraph:

"(10) SPECIAL RULE FOR CERTAIN LOSSES ON STOCK IN PASSIVE FOREIGN CORPORATIONS.—To the extent provided in regulations, the taxable income of a regulated investment company (other than a company to which an election under section 4982(e)(4) applies) shall be computed without regard to any net reduction in the value of any stock of a passive foreign corporation to which section 1291 applies occurring after October 31 of the taxable year, and any such reduction shall be treated as occurring on the first day of the following taxable year.".

(3) Subsection (c) of section 852 is amended by inserting after "October 31 of such year" the following: ", without regard to any net reduction in the value of any stock of a passive foreign corporation to which section 1291 applies occurring after October 31 of such year,".

(d) TREATMENT OF CERTAIN PREVIOUSLY TAXED AMOUNTS.—Subsection (e) of section 959 is amended—

(1) by adding at the end thereof the following new sentence: "A similar rule shall apply in the case of amounts included in gross income under section 1293 (as in effect on January 1, 1992).", and

(2) by striking "AMOUNTS PREVIOUSLY TAXED UNDER SECTION 1248" in the subsection heading and inserting "CERTAIN PREVIOUSLY TAXED AMOUNTS".

SEC. 4403. TECHNICAL AND CONFORMING AMENDMENTS.

(a) GENERAL RULE.—

(1) Paragraph (2) of section 171(c) is amended—

(A) by striking ", or by a foreign personal holding company, as defined in section 552", and

(B) by striking ", or a foreign personal holding company".

(2) Section 312 is amended by striking subsection (j).

(3) Subsection (m) of section 312 is amended by striking ", a foreign investment company (within the meaning of section 1246(b)), or a foreign personal holding company (within the meaning of section 552)" and inserting "or a passive foreign corporation (as defined in section 1296)".

(4) Subsection (e) of section 443 is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(5) Clause (ii) of section 465(c)(7)(B) is amended to read as follows:

"(ii) a passive foreign corporation with respect to which the stock ownership requirements of section 1292(a)(2)(B) are met, or".

(6) Subsection (b) of section 535 is amended by striking paragraph (9).

(7) Subsection (d) of section 535 is hereby repealed.

(8) Paragraph (1) of section 543(b) is amended by inserting "and" at the end of subparagraph (A), by striking ", and" at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(9) Paragraph (1) of section 562(b) is amended by striking "or a foreign personal holding company described in section 552".

(10) Section 563 is amended—

(A) by striking subsection (c),

(B) by redesignating subsection (d) as subsection (c), and

(C) by striking "subsection (a), (b), or (c)" in subsection (c) (as so redesignated) and inserting "subsection (a) or (b)".

(11) Paragraph (2) of section 751(d) is amended by striking "subsection (a) of section 1246 (relating to gain on foreign investment company stock)" and inserting "section 1291 (relating to stock in certain passive foreign corporations marked to market)".

(12) Subsection (b) of section 851 is amended by striking the sentence following paragraph (4)(B) which contains a reference to section 1293(a).

(13) Clause (ii) of section 864(b)(2)(A) is amended by striking "(other than" and all that follows down through "holding company)" and inserting "(other than a corporation which would be a personal holding company but for section 542(c)(5) and which is not United States controlled (as defined in section 1292(a)(2))".

(14) Subsection (d) of section 904 is amended by striking paragraphs (2)(A)(ii), (2)(E)(iii), and (3)(I).

(15)(A) Subparagraph (A) of section 904(g)(1) is amended to read as follows:

"(A) Any amount included in gross income under section 951(a) (relating to amounts included in gross income of United States shareholders)."

(B) The paragraph heading of paragraph (2) of section 904(g) is amended by striking "AND FOREIGN PERSONAL HOLDING OR PASSIVE FOREIGN INVESTMENT COMPANY".

(16) Section 951 is amended by striking subsections (c), (d), and (f), and by redesignating subsection (e) as subsection (c).

(17) Paragraph (1) of section 986(c) is amended by striking "or 1293(c)".

(18) Paragraph (3) of section 989(b) is amended by striking ", 551(a), or 1293(a)".

(19) Paragraph (5) of section 1014(b) is hereby repealed.

(20) Subsection (a) of section 1016 is amended by striking paragraph (13) and by redesignating the following paragraphs accordingly.

(21) Paragraph (3) of section 1212(a) is amended—

(A) by striking subparagraph (A),

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively, and

(C) by amending subparagraph (D) to read as follows:

"(C) for which it is a passive foreign corporation."

(22) Section 1223 is amended by striking paragraph (10) and by redesignating the following paragraphs accordingly.

(23) Subsection (d) of section 1248 is amended by striking paragraphs (5) and (7).

(24)(A) Subsection (a) of section 6035 is amended by striking "foreign personal holding company (as defined in section 552)" and inserting "passive foreign corporation with respect to which the stock ownership requirements of section 1292(a)(2)(B) are met".

(B) The section heading for section 6035 is amended by striking "**foreign personal holding companies**" and inserting "**closely held passive foreign corporations**",.

(C) The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by striking "foreign personal holding companies" in the item relating to section 6035 and inserting "closely-held passive foreign corporations".

(25) Subparagraph (D) of section 6103(e)(1) is amended by striking clause (iv) and redesignating clauses (v) and (vi) as clauses (iv) and (v), respectively.

(26) Subparagraph (B) of section 6501(e)(1) is amended to read as follows:

"(B) CONSTRUCTIVE DIVIDENDS.—If the taxpayer omits from gross income an amount properly includible therein under section 951(a), the tax may be assessed, or a proceeding in court for the collection of such tax may be done without assessing, at any time within 6 years after the return was filed."

(27) Section 4947 and section 4948(c)(4) are each amended by striking "556(b)(2)," each place it appears.

(b) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter G of chapter 1 is amended by striking the item relating to part III.

(2) The table of sections for part IV of subchapter P of chapter 1 is amended by striking the items relating to sections 1246 and 1247.

(3) The table of parts for subchapter P of chapter 1 is amended by striking the item relating to part VI and inserting the following:

"Part VI. Treatment of passive foreign corporations."

SEC. 4404. EFFECTIVE DATE.

(a) GENERAL RULE.—Except as otherwise provided in this section, the amendments made by this part shall apply to—

(1) taxable years of United States persons beginning after December 31, 1992, and

(2) taxable years of foreign corporations ending with or within such taxable years of United States persons.

(b) DENIAL OF INSTALLMENT SALES TREATMENT.—The amendment made by section 3402(b) shall apply to dispositions after December 31, 1992.

(c) BASIS RULE.—The amendments made by this part shall not affect the determination of the basis of any stock acquired from a decedent in a taxable year beginning before January 1, 1993.

PART II—TREATMENT OF CONTROLLED FOREIGN CORPORATIONS

SEC. 4411. GAIN ON CERTAIN STOCK SALES BY CONTROLLED FOREIGN CORPORATIONS TREATED AS DIVIDENDS.

(a) GENERAL RULE.—Section 964 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new subsection:

"(f) GAIN ON CERTAIN STOCK SALES BY CONTROLLED FOREIGN CORPORATIONS TREATED AS DIVIDENDS.—

"(1) IN GENERAL.—If a controlled foreign corporation sells or exchanges stock in any other foreign corporation, gain recognized on such sale or exchange shall be included in the gross income of such controlled foreign corporation as a dividend to the same extent that it would have been so included under section 1248(a) if such controlled foreign corporation were a United States person. For purposes of determining the amount which would have been so includible, the determination of whether such other foreign corporation was a controlled foreign corporation shall be made without regard to the preceding sentence.

"(2) SAME COUNTRY EXCEPTION NOT APPLICABLE.—Clause (i) of section 954(c)(3)(A) shall not apply to any amount treated as a dividend by reason of paragraph (1).

"(3) CLARIFICATION OF DEEMED SALES.—For purposes of this subsection, a controlled foreign corporation shall be treated as having sold or exchanged any stock if, under any provision of this subtitle, such controlled foreign corporation is treated as having gain from the sale or exchange of such stock.".

(b) AMENDMENT OF SECTION 904(d).—Clause (i) of section 904(d)(2)(E) is amended by striking "and except as provided in regulations, the taxpayer was a United States shareholder in such corporation".

(c) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to gain recognized on transactions occurring after the date of the enactment of this Act.

(2) The amendment made by subsection (b) shall apply to distributions after the date of the enactment of this Act.

SEC. 4412. AUTHORITY TO PRESCRIBE SIMPLIFIED METHOD FOR APPLYING SECTION 960(b)(2).

(a) GENERAL RULE.—Paragraph (2) of section 960(b) is amended by adding at the end thereof the following new sentence: "The Secretary may prescribe regulations requiring the use of simplified methods set forth in such regulations for determining the amount of the increase referred to in the preceding sentence."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 4413. MISCELLANEOUS MODIFICATIONS TO SUBPART F.

(a) SECTION 1248 GAIN TAKEN INTO ACCOUNT IN DETERMINING PRO RATA SHARE.—

(1) IN GENERAL.—Paragraph (2) of section 951(a) (defining pro rata share of subpart F income) is amended by adding at the end thereof the following new sentence: "For purposes of subparagraph (B), any gain included in the gross income of any person as a dividend under section 1248 shall be treated as a distribution received by such person with respect to the stock involved."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to dispositions after the date of the enactment of this Act.

(b) BASIS ADJUSTMENTS IN STOCK HELD BY FOREIGN CORPORATION.—

(1) IN GENERAL.—Section 961 (relating to adjustments to basis of stock in controlled foreign corporations and of other property) is amended by adding at the end thereof the following new subsection:

"(c) BASIS ADJUSTMENTS IN STOCK HELD BY FOREIGN CORPORATION.—Under regulations prescribed by the Secretary, if a United States shareholder is treated under section 958(a)(2) as owning any stock in a controlled foreign corporation which is actually owned by another controlled foreign corporation, adjustments similar to the adjustments provided by subsections (a) and (b) shall be made to the basis of such stock in the hands of such other controlled foreign corporation, but only for the purposes of determining the amount included under section 951 in the gross income of such United States shareholder (or any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder by reason of which such shareholder was treated as owning such stock, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary may prescribe by regulations)."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply for purposes of determining inclusions for taxable years of United States shareholders beginning after December 31, 1992.

(c) DETERMINATION OF PREVIOUSLY TAXED INCOME IN SECTION 304 DISTRIBUTIONS, ETC.—

(1) IN GENERAL.—Section 959 (relating to exclusion from gross income of previously taxed earnings and profits) is amended by adding at the end thereof the following new subsection:

"(f) ADJUSTMENTS FOR CERTAIN TRANSACTIONS.—If by reason of—

"(1) a transaction to which section 304 applies,

"(2) the structure of a United States shareholder's holdings in controlled foreign corporations, or

"(3) other circumstances,

there would be a multiple inclusion of any item in income (or an inclusion or exclusion without an appropriate basis adjustment) by reason of this subpart, the Secretary may prescribe regulations providing such modifications in the application of this subpart as may be necessary to eliminate such multiple inclusion or provide such basis adjustment, as the case may be."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

(d) CLARIFICATION OF TREATMENT OF BRANCH TAX EXEMPTIONS OR REDUCTIONS.—

(1) IN GENERAL.—Subsection (b) of section 952 is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, any exemption (or reduction) with respect to the tax imposed by section 884 shall not be taken into account."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

SEC. 4414. INDIRECT FOREIGN TAX CREDIT ALLOWED FOR CERTAIN LOWER TIER COMPANIES.

(a) SECTION 902 CREDIT.—

(1) IN GENERAL.—Subsection (b) of section 902 (relating to deemed taxes increased in case of certain 2nd and 3rd tier foreign corporations) is amended to read as follows:

"(b) DEEMED TAXES INCREASED IN CASE OF CERTAIN LOWER TIER CORPORATIONS.—

"(1) IN GENERAL.—If—

"(A) any foreign corporation is a member of a qualified group, and

"(B) such foreign corporation owns 10 percent or more of the voting stock of another member of such group from which it receives dividends in any taxable year,

such foreign corporation shall be deemed to have paid the same proportion of such other member's post-1986 foreign income taxes as would be determined under subsection (a) if such foreign corporation were a domestic corporation.

"(2) QUALIFIED GROUP.—For purposes of paragraph (1), the term 'qualified group' means—

"(A) the foreign corporation described in subsection (a), and

"(B) any other foreign corporation if—

"(i) the domestic corporation owns at least 5 percent of the voting stock of such other foreign corporation indirectly through a chain of foreign corporations connected through stock ownership of at least 10 percent of their voting stock,

"(ii) the foreign corporation described in subsection (a) is the first tier corporation in such chain, and

"(iii) such other corporation is not below the sixth tier in such chain,

The term 'qualified group' shall not include any foreign corporation below the third tier in the chain referred to in clause (i) unless such foreign corporation is a controlled foreign corporation (as defined in section 957) and the domestic corporation is a United States shareholder (as defined in section 951(b)) in such foreign corporation. Paragraph (1) shall apply to those taxes paid by a member of the qualified group below the third tier only with respect to periods during which it was a controlled foreign corporation."

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (B) of section 902(c)(3) is amended by adding "or" at the end of clause (i) and by striking clauses (ii) and (iii) and inserting the following new clause:

"(ii) the requirements of subsection (b)(2) are met with respect to such foreign corporation."

(B) Subparagraph (B) of section 902(c)(4) is amended by striking "3rd foreign corporation" and inserting "sixth tier foreign corporation".

(C) The heading for paragraph (3) of section 902(c) is amended by striking "WHERE DOMESTIC CORPORATION ACQUIRES 10 PERCENT OF FOREIGN CORPORATION" and inserting "WHERE FOREIGN CORPORATION FIRST QUALIFIES".

(D) Paragraph (3) of section 902(c) is amended by striking "ownership" each place it appears.

(b) SECTION 960 CREDIT.—Paragraph (1) of section 960(a) (relating to special rules for foreign tax credits) is amended to read as follows:

"(1) DEEMED PAID CREDIT.—For purposes of subpart A of this part, if there is included under section 951(a) in the gross income of a domestic corporation any amount attributable to earnings and profits of a foreign corporation which is a member of a qualified group (as defined in section 902(b)) with respect to the domestic corporation, then, except to the extent provided in regulations, section 902 shall be applied as if the amount so included were a dividend paid by such foreign corporation (determined by applying section 902(c) in accordance with section 904(d)(3)(B))."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxes of foreign corporations for taxable years of such corporations beginning after the date of enactment of this Act.

(2) SPECIAL RULE.—In the case of any chain of foreign corporations described in clauses (i) and (ii) of section 902(b)(2)(B) of the Internal Revenue Code of 1986 (as amended by this section), no liquidation, reorganization, or similar transaction in a taxable year beginning after the date of the enactment of this Act shall have the effect of permitting taxes to be taken into account under section 902 of the Internal Revenue Code of 1986 which could not have been taken into account under such section but for such transaction.

PART III—OTHER PROVISIONS

SEC. 4421. EXCHANGE RATE USED IN TRANSLATING FOREIGN TAXES.

(a) ACCRUED TAXES TRANSLATED BY USING AVERAGE RATE FOR YEAR TO WHICH TAXES RELATE.—

(1) IN GENERAL.—Subsection (a) of section 986 (relating to translation of foreign taxes) is amended to read as follows:

"(a) FOREIGN INCOME TAXES.—

"(1) TRANSLATION OF ACCRUED TAXES.—

"(A) IN GENERAL.—For purposes of determining the amount of the foreign tax credit, in the case of a taxpayer who takes foreign income taxes into account when accrued, the amount of any foreign income taxes (and any adjustment thereto) shall be translated into dollars by using the average exchange rate for the taxable year to which such taxes relate.

"(B) EXCEPTION FOR TAXES NOT PAID WITHIN FOLLOWING 2 YEARS.—

"(i) Subparagraph (A) shall not apply to any foreign income taxes paid after the date 2 years after the close of the taxable year to which such taxes relate.

"(ii) Subparagraph (A) shall not apply to taxes paid before the beginning of the taxable year to which such taxes relate.

"(C) EXCEPTION FOR INFLATIONARY CURRENCIES.—To the extent provided in regulations, subparagraph (A) shall not apply to any foreign income taxes the liability for which is denominated in any currency determined to be an inflationary currency under such regulations.

"(D) CROSS REFERENCE.—

"For adjustments where tax is not paid within 2 years, see section 905(c).

"(2) TRANSLATION OF TAXES TO WHICH PARAGRAPH (1) DOES NOT APPLY.—For purposes of determining the amount of the foreign tax credit, in the case of any foreign income taxes to which subparagraph (A) of paragraph (1) does not apply—

"(A) such taxes shall be translated into dollars using the exchange rates as of the time such taxes were paid to the foreign country or possession of the United States, and

"(B) any adjustment to the amount of such taxes shall be translated into dollars using—

"(i) except as provided in clause (ii), the exchange rate as of the time when such adjustment is paid to the foreign country or possession, or

"(ii) in the case of any refund or credit of foreign income taxes, using the exchange rate as of the time of the original payment of such foreign income taxes.

"(3) FOREIGN INCOME TAXES.—For purposes of this subsection, the term 'foreign income taxes' means any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States."

(2) ADJUSTMENT WHEN NOT PAID WITHIN 2 YEARS AFTER YEAR TO WHICH TAXES RELATE.—Subsection (c) of section 905 is amended to read as follows:

"(c) ADJUSTMENTS TO ACCRUED TAXES.—

"(1) IN GENERAL.—If—

"(A) accrued taxes when paid differ from the amounts claimed as credits by the taxpayer,

"(B) accrued taxes are not paid before the date 2 years after the close of the taxable year to which such taxes relate, or

"(C) any tax paid is refunded in whole or in part,

the taxpayer shall notify the Secretary, who shall redetermine the amount of the tax for the year or years affected.

"(2) SPECIAL RULE FOR TAXES NOT PAID WITHIN 2 YEARS.—In making the redetermination under paragraph (1), no credit shall be allowed for accrued taxes not paid before the date referred to in subparagraph (B) of paragraph (1). Any such taxes if subsequently paid shall be taken into account for the taxable year in which paid and no redetermination under this section shall be made on account of such payment.

"(3) ADJUSTMENTS.—The amount of tax due on any redetermination under paragraph (1) (if any) shall be paid by the taxpayer on notice and demand by the Secretary, and the amount of tax overpaid (if any) shall be credited or refunded to the taxpayer in accordance with subchapter B of chapter 66 (section 6511 et seq.).

"(4) BOND REQUIREMENTS.—In the case of any tax accrued but not paid, the Secretary, as a condition precedent to the allowance of the credit provided in this subpart, may require the taxpayer to give a bond, with sureties satisfactory to and approved by the Secretary, in such sum as the Secretary may require, conditioned on the payment by the taxpayer of any amount of tax found due on any such redetermination. Any such bond shall contain such further conditions as the Secretary may require.

"(5) OTHER SPECIAL RULES.—In any redetermination under paragraph (1) by the Secretary of the amount of tax due from the taxpayer for the year or years affected by a refund, the amount of the taxes refunded for which credit has been allowed under this section shall be reduced by the amount of any tax described in section 901 imposed by the foreign country or possession of the United States with respect to such refund; but no credit under this subpart, or deduction under section 164, shall be allowed for any taxable year with respect to any such tax imposed on the refund. No interest shall be assessed or collected on any amount of tax due on any redetermination by the Secretary, resulting from a refund to the taxpayer, for any period before the receipt of such refund, except to the extent interest was paid by the foreign country or possession of the United States on such refund for such period."

(b) AUTHORITY TO USE AVERAGE RATES.—

(1) IN GENERAL.—Subsection (a) of section 986 (relating to foreign taxes) is amended by adding at the end thereof the following new paragraph:

"(4) AUTHORITY TO PERMIT USE OF AVERAGE RATES.—To the extent prescribed in regulations, the average exchange rate for the period (specified in such regulations) during which the taxes or adjustment is paid may be used instead of the exchange rate as of the time of such payment."

(2) DETERMINATION OF AVERAGE RATES.—Subsection (c) of section 989 is amended by striking "and" at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(6) setting forth procedures for determining the average exchange rate for any period."

(3) CONFORMING AMENDMENTS.—Subsection (b) of section 989 is amended by striking "weighted" each place it appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxes paid or accrued in taxable years beginning after December 31, 1991.

SEC. 4422. ELECTION TO USE SIMPLIFIED SECTION 904 LIMITATION FOR ALTERNATIVE MINIMUM TAX.

(a) GENERAL RULE.—Subsection (a) of section 59 (relating to alternative minimum tax foreign tax credit) is amended by adding at the end thereof the following new paragraph:

"(3) ELECTION TO USE SIMPLIFIED SECTION 904 LIMITATION.—

"(A) IN GENERAL.—In determining the alternative minimum tax foreign tax credit for any taxable year to which an election under this paragraph applies—

"(i) subparagraph (B) of paragraph (1) shall not apply, and

"(ii) the limitation of section 904 shall be based on the proportion which—

"(I) the taxpayer's taxable income (as determined for purposes of the regular tax) from sources without the United States (but not in excess of the taxpayer's entire alternative minimum taxable income), bears to

"(II) the taxpayer's entire alternative minimum taxable income for the taxable year.

"(B) ELECTION.—

"(i) IN GENERAL.—An election under this paragraph may be made only for the taxpayer's first taxable year which begins after December 31, 1992, and for which the taxpayer claims an alternative minimum tax foreign tax credit.

"(ii) ELECTION REVOCABLE ONLY WITH CONSENT.—An election under this paragraph, once made, shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1992.

SEC. 4423. MODIFICATION OF SECTION 1491.

(a) GENERAL RULE.—So much of chapter 5 (relating to tax on transfers to avoid income tax) as precedes section 1492 is amended to read as follows:

"CHAPTER 5—TREATMENT OF TRANSFERS TO AVOID INCOME TAX

"Sec. 1491. Recognition of gain.

"Sec. 1492. Exceptions.

"SEC. 1491. RECOGNITION OF GAIN.

"In the case of any transfer of property by a United States person to a foreign corporation as paid-in surplus or as a contribution to capital, to a foreign estate or trust, or to a foreign partnership, for purposes of this subtitle, such transfer shall be treated as a sale or exchange for an amount equal to the fair market value of the property transferred, and the transferor shall recognize as gain the excess of—

"(1) the fair market value of the property so transferred, over

"(2) the adjusted basis (for purposes of determining gain) of such property in the hands of the transferor.".

(b) CONFORMING AMENDMENTS.—

(1) Section 1057 is hereby repealed.

(2) Section 1492 is amended to read as follows:

"SEC. 1492. EXCEPTIONS.

"The provisions of section 1491 shall not apply—

"(1) If the transferee is an organization exempt from income tax under part I of subchapter F of chapter 1 (other than an organization described in section 401(a)),

"(2) To a transfer described in section 367, or

"(3) To any other transfer, to the extent provided in regulations in accordance with principles similar to the principles of section 367 or otherwise consistent with the purpose of section 1491.".

(3) Section 1494 is hereby repealed.

(4) The table of sections for part IV of subchapter O of chapter 1 is amended by striking the item relating to section 1057.

(5) The table of chapters for subtitle A is amended by striking "Tax on" in the item relating to chapter 5 and inserting "Treatment of".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

SEC. 4424. MODIFICATION OF SECTION 367(b).

(a) GENERAL RULE.—Paragraph (1) of section 367(b) is amended to read as follows:

"(1) IN GENERAL.—In the case of any transaction described in section 332, 351, 354, 355, 356, or 361 in which the status of a foreign corporation as a corporation is a general condition for nonrecognition by 1 or more of the parties to the transaction, income shall be required to be recognized to the extent provided in regulations prescribed by the Secretary which are necessary or appropriate to prevent the avoidance of Federal income taxes. This subsection shall not apply to a transaction in which the foreign corporation is not treated as a corporation under subsection (a)(1).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to transfers after December 31, 1993.

Subtitle E—Treatment of Intangibles

SEC. 4501. AMORTIZATION OF GOODWILL AND CERTAIN OTHER INTANGIBLES.

(a) GENERAL RULE.—Part VI of subchapter B of chapter 1 (relating to itemized deductions for individuals and corporations) is amended by adding at the end thereof the following new section:

"SEC. 197. AMORTIZATION OF GOODWILL AND CERTAIN OTHER INTANGIBLES.

"(a) GENERAL RULE.—A taxpayer shall be entitled to an amortization deduction with respect to any amortizable section 197 intangible. The amount of such deduction shall be determined by amortizing the adjusted basis (for purposes of determining gain) of such intangible ratably over the 14-year period beginning with the month in which such intangible was acquired.

"(b) NO OTHER DEPRECIATION OR AMORTIZATION DEDUCTION ALLOWABLE.—Except as provided in subsection (a), no depreciation or amortization deduction shall be allowable with respect to any amortizable section 197 intangible.

"(c) AMORTIZABLE SECTION 197 INTANGIBLE.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this section, the term 'amortizable section 197 intangible' means any section 197 intangible—

"(A) which is acquired by the taxpayer after the date of the enactment of this section, and

"(B) which is held in connection with the conduct of a trade or business or an activity described in section 212.

"(2) EXCLUSION OF SELF-CREATED INTANGIBLES, ETC.—The term 'amortizable section 197 intangible' shall not include any section 197 intangible—

"(A) which is not described in subparagraph (D), (E), or (F) of subsection (d)(1), and

"(B) which is created by the taxpayer.

This paragraph shall not apply if the intangible is created in connection with a transaction (or series of related transactions) involving the acquisition of assets constituting a trade or business or substantial portion thereof.

"(3) ANTI-CHURNING RULES.—

"For exclusion of intangibles acquired in certain transactions, see subsection (f)(9).

"(d) SECTION 197 INTANGIBLE.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this section, the term 'section 197 intangible' means—

"(A) goodwill,

"(B) going concern value,

"(C) any of the following intangible items:

"(i) workforce in place including its composition and terms and conditions (contractual or otherwise) of its employment,

"(ii) business books and records, operating systems, or any other information base (including lists or other information with respect to current or prospective customers),

"(iii) any patent, copyright, formula, process, design, pattern, knowhow, format, or other similar item,

"(iv) any customer-based intangible,

"(v) any supplier-based intangible, and

"(vi) any other similar item,

"(D) any license, permit, or other right granted by a governmental unit or an agency or instrumentality thereof,

"(E) any covenant not to compete (or other arrangement to the extent such arrangement has substantially the same effect as a covenant not to compete) entered into in connection with an acquisition (directly or indirectly) of an interest in a trade or business or substantial portion thereof, and

"(F) any franchise, trademark, or trade name.

"(2) CUSTOMER-BASED INTANGIBLE.—

"(A) IN GENERAL.—The term 'customer-based intangible' means—

"(i) composition of market,

"(ii) market share, and

"(iii) any other value resulting from future provision of goods or services pursuant to relationships (contractual or otherwise) in the ordinary course of business with customers.

"(B) SPECIAL RULE FOR FINANCIAL INSTITUTIONS.—In the case of a financial institution, the term 'customer-based intangible' includes deposit base and similar items.

"(3) SUPPLIER-BASED INTANGIBLE.—The term 'supplier-based intangible' means any value resulting from future acquisitions of goods or services pursuant to relationships (contractual or otherwise) in the ordinary course of business with suppliers of goods or services to be used or sold by the taxpayer.

"(e) EXCEPTIONS.—For purposes of this section, the term 'section 197 intangible' shall not include any of the following:

"(1) FINANCIAL INTERESTS.—Any interest—

"(A) in a corporation, partnership, trust, or estate, or

"(B) under an existing futures contract, foreign currency contract, notional principal contract, interest rate swap, or other similar financial contract.

"(2) LAND.—Any interest in land.

"(3) COMPUTER SOFTWARE.—

"(A) IN GENERAL.—Any—

"(i) computer software which is readily available for purchase by the general public, is subject to a nonexclusive license, and has not been substantially modified, and

"(ii) other computer software which is not acquired in a transaction (or series of related transactions) involving the acquisition of assets constituting a trade or business or substantial portion thereof.

"(B) COMPUTER SOFTWARE DEFINED.—For purposes of subparagraph (A), the term 'computer software' means any program designed to cause a computer to perform a desired function. Such term shall not include any data base or similar item unless the data base or item is in the public domain and is incidental to the operation of otherwise qualifying computer software.

"(4) CERTAIN INTERESTS OR RIGHTS ACQUIRED SEPARATELY.—Any of the following not acquired in a transaction (or series of related transactions) referred to in paragraph (3)(B):

"(A) Any interest in a film, sound recording, video tape, book, or similar property.

"(B) Any right to receive tangible property or services under a contract or granted by a governmental unit or agency or instrumentality thereof.

"(C) Any interest in a patent or copyright.

"(D) To the extent provided in regulations, any right under a contract (or granted by a governmental unit or an agency or instrumentality thereof) if such right—

"(i) has a fixed duration, or

"(ii) is fixed as to amount and, without regard to this section, would be amortizable under a method similar to the unit-of-production method.

"(5) INTERESTS UNDER LEASES AND DEBT INSTRUMENTS.—Any interest under—

"(A) an existing lease of tangible property, or

"(B) except as provided in subsection (d)(2)(B), any existing indebtedness.

"(6) TREATMENT OF SPORTS FRANCHISES.—A franchise to engage in professional football, basketball, baseball, or other professional sport, and any item acquired in connection with such a franchise.

"(f) SPECIAL RULES.—

"(1) TREATMENT OF CERTAIN DISPOSITIONS, ETC.—If there is a disposition of any amortizable section 197 intangible acquired in a transaction or series of related transactions (or any such intangible becomes worthless) and one or more other amortizable section 197 intangibles acquired in such transaction or series of related transactions are retained—

"(A) no loss shall be recognized by reason of such disposition (or such worthlessness), and

"(B) appropriate adjustments to the adjusted bases of such retained intangibles shall be made for any loss not recognized under subparagraph (A).

All persons treated as a single taxpayer under section 41(f)(1) shall be so treated for purposes of the preceding sentence.

"(2) TREATMENT OF CERTAIN TRANSFERS.—

"(A) IN GENERAL.—In the case of any section 197 intangible transferred in a transaction described in subparagraph (B), the transferee shall be treated as the transferor for purposes of applying this section with respect to so much of the adjusted basis in the hands of the transferee as does not exceed the adjusted basis in the hands of the transferor.

"(B) TRANSACTIONS COVERED.—The transactions described in this subparagraph are—

"(i) any transaction described in section 332, 351, 361, 721, 731, 1031, or 1033, and

"(ii) any transaction between members of the same affiliated group during any taxable year for which a consolidated return is made by such group.

"(3) TREATMENT OF AMOUNTS PAID PURSUANT TO COVENANTS NOT TO COMPETE, ETC.—Any amount paid or incurred pursuant to a covenant or arrangement referred to in subsection (d)(1)(E) shall be treated as an amount chargeable to capital account.

"(4) TREATMENT OF FRANCHISES, ETC.—

"(A) FRANCHISE.—The term 'franchise' has the meaning given to such term by section 1253(b)(1).

"(B) TREATMENT OF RENEWALS.—Any renewal of a franchise, trademark, or trade name (or of a license, a permit, or other right referred to in subsection (d)(1)(D)) shall be treated as an acquisition. The preceding sentence shall only apply with respect to costs incurred in connection with such renewal.

"(C) CERTAIN AMOUNTS NOT TAKEN INTO ACCOUNT.—Any amount to which section 1253(d)(1) applies shall not be taken into account under this section.

"(5) TREATMENT OF CERTAIN REINSURANCE TRANSACTIONS.—In the case of any amortizable section 197 intangible resulting from an assumption reinsurance transaction, the amount taken into account as the adjusted basis of such intangible under this section shall be the excess of—

"(A) the amount paid or incurred by the acquirer under the assumption reinsurance transaction, over

"(B) the amount required to be capitalized under section 848 in connection with such transaction.

Subsection (b) shall not apply to any amount required to be capitalized under section 848.

"(6) TREATMENT OF CERTAIN SUBLEASES.—For purposes of this section, a sublease shall be treated in the same manner as a lease of the underlying property involved.

"(7) TREATMENT AS DEPRECIABLE.—For purposes of this chapter, any amortizable section 197 intangible shall be treated as property which is of a character subject to the allowance for depreciation provided in section 167.

"(8) TREATMENT OF CERTAIN INCREMENTS IN VALUE.—This section shall not apply to any increment in value if, without regard to this section, such increment is properly taken into account in determining the cost of property which is not a section 197 intangible.

"(9) ANTI-CHURNING RULES.—For purposes of this section—

"(A) IN GENERAL.—The term 'amortizable section 197 intangible' shall not include any section 197 intangible which is described in subparagraph (A) or (B) of subsection (d)(1) (or for which depreciation or amortization would not have been allowable but for this section) and which is acquired by the taxpayer after the date of the enactment of this section, if—

"(i) the intangible was held or used at any time on or after July 25, 1991, and on or before such date of enactment by the taxpayer or a related person,

"(ii) the intangible was acquired from a person who held such intangible at any time on or after July 25, 1991, and on or before such date of enactment, and, as part of the transaction, the user of such intangible does not change, or

"(iii) the taxpayer grants the right to use such intangible to a person (or a person related to such person) who held or used such intangible at any time on or after July 25, 1991, and on or before such date of enactment.

For purposes of this subparagraph, the determination of whether the user of property changes as part of a transaction shall be determined in accordance with regulations prescribed by the Secretary.

"(B) EXCEPTION WHERE GAIN RECOGNIZED.—If—

"(i) subparagraph (A) would not apply to an intangible acquired by the taxpayer but for the last sentence of subparagraph (C)(i), and

"(ii) the person from whom the taxpayer acquired the intangible elects, notwithstanding any other provision of this title—

"(I) to recognize gain on the disposition of the intangible, and

"(II) to pay a tax on such gain which, when added to any other income tax on such gain under this title, equals such gain multiplied by the highest rate of income tax applicable to such person under this title,

then subparagraph (A) shall apply to the intangible only to the extent that the taxpayer's adjusted basis in the intangible exceeds the gain recognized under clause (ii)(I).

"(C) RELATED PERSON DEFINED.—For purposes of this paragraph—

"(i) RELATED PERSON.—A person (hereinafter in this paragraph referred to as the 'related person') is related to any person if—

"(I) the related person bears a relationship to such person specified in section 267(b) or section 707(b)(1), or

"(II) the related person and such person are engaged in trades or businesses under common control (within the meaning of subparagraphs (A) and (B) of section 41(f)(1)).

For purposes of subclause (I), in applying section 267(b) or 707(b)(1), '20 percent' shall be substituted for '50 percent'.

"(ii) TIME FOR MAKING DETERMINATION.—A person shall be treated as related to another person if such relationship exists immediately before or immediately after the acquisition of the intangible involved.

"(D) ACQUISITIONS BY REASON OF DEATH.—Subparagraph (A) shall not apply to the acquisition of any property by the taxpayer if the basis of the property in the hands of the taxpayer is determined under section 1014(a).

"(E) SPECIAL RULE FOR PARTNERSHIPS.—With respect to any increase in the basis of partnership property under section 732, 734, or 743, determinations under this paragraph shall be made at the partner level and each partner shall be treated as having owned and used such partner's proportionate share of the partnership assets.

"(F) ANTI-ABUSE RULES.—The term 'amortizable section 197 intangible' does not include any section 197 intangible acquired in a transaction, one of the principal purposes of which is to avoid the requirement of subsection (c)(1) that the intangible be acquired after the date of the enactment of this section or to avoid the provisions of subparagraph (A).

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including such regulations as may be appropriate to prevent avoidance of the purposes of this section through related persons or otherwise."

(b) MODIFICATIONS TO DEPRECIATION RULES.—

(1) TREATMENT OF CERTAIN PROPERTY EXCLUDED FROM SECTION 197.—Section 167 (relating to depreciation deduction) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) TREATMENT OF CERTAIN PROPERTY EXCLUDED FROM SECTION 197.—

"(1) COMPUTER SOFTWARE.—

"(A) IN GENERAL.—If a depreciation deduction is allowable under subsection (a) with respect to any computer software, such deduction shall be computed by using the straight line method and a useful life of 36 months.

"(B) COMPUTER SOFTWARE.—For purposes of this section, the term 'computer software' has the meaning given to such term by section 197(e)(3)(B); except that such term shall not include any such software which is an amortizable section 197 intangible.

"(2) CERTAIN INTERESTS OR RIGHTS ACQUIRED SEPARATELY.—If a depreciation deduction is allowable under subsection (a) with respect to any property described in subparagraph (B), (C), or (D) of section 197(e)(4), such deduction shall be computed in accordance with regulations prescribed by the Secretary."

(2) ALLOCATION OF BASIS IN CASE OF LEASED PROPERTY.—Subsection (c) of section 167 is amended to read as follows:

"(c) BASIS FOR DEPRECIATION.—

"(1) IN GENERAL.—The basis on which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in section 1011, for the purpose of determining the gain on the sale or other disposition of such property.

"(2) SPECIAL RULE FOR PROPERTY SUBJECT TO LEASE.—If any property is acquired subject to a lease—

"(A) no portion of the adjusted basis shall be allocated to the leasehold interest, and

"(B) the entire adjusted basis shall be taken into account in determining the depreciation deduction (if any) with respect to the property subject to the lease."

(c) AMENDMENTS TO SECTION 1253.—Subsection (d) of section 1253 is amended by striking paragraphs (2), (3), (4), and (5) and inserting the following:

"(2) OTHER PAYMENTS.—Any amount paid or incurred on account of a transfer, sale, or other disposition of a franchise, trademark, or trade name to which paragraph (1) does not apply shall be treated as an amount chargeable to capital account.

"(3) RENEWALS, ETC.—For purposes of determining the term of a transfer agreement under this section, there shall be taken into account all renewal options (and any other period for which the parties reasonably expect the agreement to be renewed)."

(d) AMENDMENT TO SECTION 848.—Subsection (g) of section 848 is amended by striking "this section" and inserting "this section or section 197".

(e) AMENDMENTS TO SECTION 1060.—

(1) Paragraph (1) of section 1060(b) is amended by striking "goodwill or going concern value" and inserting "section 197 intangibles".

(2) Paragraph (1) of section 1060(d) is amended by striking "goodwill or going concern value (or similar items)" and inserting "section 197 intangibles".

(f) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Subsection (g) of section 167 (as redesignated by subsection (b)) is amended to read as follows:

"(g) CROSS REFERENCE.—

"(1) For additional rule applicable to depreciation of improvements in the case of mines, oil and gas wells, other natural deposits, and timber, see section 611.

"(2) For amortization of goodwill and certain other intangibles, see section 197."

(2) Subsection (f) of section 642 is amended by striking "section 169" and inserting "sections 169 and 197".

(3) Subsection (a) of section 1016 is amended by striking paragraph (19) and by redesignating the following paragraphs accordingly.

(4) Subparagraph (C) of section 1245(a)(2) is amended by striking "193, or 1253(d) (2) or (3)" and inserting "or 193".

(5) Paragraph (3) of section 1245(a) is amended by striking "section 185 or 1253(d) (2) or (3)".

(6) The table of sections for part VI of subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 197. Amortization of goodwill and certain other intangibles."

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to property acquired after the date of the enactment of this Act.

(2) ELECTION TO HAVE AMENDMENTS APPLY TO PROPERTY ACQUIRED AFTER JULY 25, 1991.—

(A) IN GENERAL.—If an election under this paragraph applies to the taxpayer—

(i) the amendments made by this section shall apply to property acquired by the taxpayer after July 25, 1991,

(ii) subsection (c)(1)(A) of section 197 of the Internal Revenue Code of 1986 (as added by this section) (and so much of subsection (f)(9)(A) of such section 197 as precedes clause (i) thereof) shall be applied with respect to the taxpayer by treating July 25, 1991, as the date of the enactment of such section, and

(iii) in applying subsection (f)(9) of such section, with respect to any property acquired by the taxpayer on or before the date of the enactment of this Act, only holding or use on July 25, 1991, shall be taken into account.

(B) ELECTION.—An election under this paragraph shall be made at such time and in such manner as the Secretary of the Treasury or his delegate may prescribe. Such an election by any taxpayer, once made—

(i) may be revoked only with the consent of the Secretary, and

(ii) shall apply to the taxpayer making such election and any other taxpayer under common control with the taxpayer (within the meaning of subparagraphs (A) and (B) of section 41(f)(1) of such Code) at any time after November 22, 1991, and on or before the date on which such election is made.

(3) ELECTIVE BINDING CONTRACT EXCEPTION.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any acquisition of property by the taxpayer if—

(i) such acquisition is pursuant to a written binding contract in effect on the date of the enactment of this Act and at all times thereafter before such acquisition,

(ii) an election under paragraph (2) does not apply to the taxpayer, and

(iii) the taxpayer makes an election under this paragraph with respect to such contract.

(B) ELECTION.—An election under this paragraph shall be made at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe. Such an election, once made—

(i) may be revoked only with the consent of the Secretary, and

(ii) shall apply to all property acquired pursuant to the contract with respect to which such election was made.

(h) ANNUAL REPORTS.—The Secretary of the Treasury shall submit annual reports to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the implementation and effects of the amendments made by this section, including the effects of such amendments on merger and acquisition activities. The first such annual report shall be submitted on or before December 31, 1994.

SEC. 4502. TREATMENT OF CERTAIN PAYMENTS TO RETIRED OR DECEASED PARTNER.

(a) SECTION 736(b) NOT TO APPLY IN CERTAIN CASES.—Subsection (b) of section 736 (relating to payments for interest in partnership) is amended by adding at the end thereof the following new paragraph:

"(3) LIMITATION ON APPLICATION OF PARAGRAPH (2).—Paragraph (2) shall apply only if—

"(A) capital is not a material income-producing factor for the partnership, and

"(B) the retiring or deceased partner was a general partner in the partnership."

(b) LIMITATION ON DEFINITION OF UNREALIZED RECEIVABLES.—

(1) IN GENERAL.—Subsection (c) of section 751 (defining unrealized receivables) is amended—

(A) by striking "sections 731, 736, and 741" each place they appear and inserting ", sections 731 and 741 (but not for purposes of section 736)", and

(B) by striking "section 731, 736, or 741" each place it appears and inserting "section 731 or 741".

(2) TECHNICAL AMENDMENTS.—

(A) Subsection (e) of section 751 is amended by striking "sections 731, 736, and 741" and inserting "sections 731 and 741".

(B) Section 736 is amended by striking subsection (c).

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply in the case of partners retiring or dying on or after June 25, 1992.

(2) BINDING CONTRACT EXCEPTION.—The amendments made by this section shall not apply to any partner retiring on or after June 25, 1992, if a written contract to purchase such partner's interest in the partnership was binding on June 24, 1992, and at all times thereafter before such purchase.

Subtitle F—Other Income Tax Provisions

PART I—PROVISIONS RELATING TO SUBCHAPTER S CORPORATIONS

SEC. 4601. DETERMINATION OF WHETHER CORPORATION HAS 1 CLASS OF STOCK.

(a) GENERAL RULE.—Paragraph (4) of section 1361(c) is amended to read as follows:

"(4) DETERMINATION OF WHETHER CORPORATION HAS 1 CLASS OF STOCK.—For purposes of subsection (b)(1)(D), a corporation shall be treated as having 1 class of stock if all outstanding shares of stock of the corporation confer identical rights to distributions and liquidation proceeds. The preceding sentence shall apply whether or not there are differences in voting rights among such shares."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1982.

SEC. 4602. AUTHORITY TO VALIDATE CERTAIN INVALID ELECTIONS.

(a) GENERAL RULE.—Subsection (f) of section 1362 (relating to inadvertent terminations) is amended to read as follows:

"(f) INADVERTENT INVALID ELECTIONS OR TERMINATIONS.—If—

"(1) an election under subsection (a) by any corporation—

"(A) was not effective for the taxable year for which made (determined without regard to subsection (b)(2)) by reason of a failure to meet the requirements of section 1361(b) or to obtain shareholder consents, or

"(B) was terminated under paragraph (2) or (3) of subsection (d),

"(2) the Secretary determines that the circumstances resulting in such ineffectiveness or termination were inadvertent,

"(3) no later than a reasonable period of time after discovery of the circumstances resulting in such ineffectiveness or termination, steps were taken—

"(A) so that the corporation is a small business corporation, or

"(B) to acquire the required shareholder consents, and

"(4) the corporation, and each person who was a shareholder in the corporation at any time during the period specified pursuant to this subsection, agrees to make such adjustments (consistent with the treatment of the corporation as an S corporation) as may be required by the Secretary with respect to such period,

then, notwithstanding the circumstances resulting in such ineffectiveness or termination, such corporation shall be treated as an S corporation during the period specified by the Secretary."

(b) LATE ELECTIONS.—Subsection (b) of section 1362 is amended by adding at the end thereof the following new paragraph:

"(5) AUTHORITY TO TREAT LATE ELECTIONS AS TIMELY.—If—

"(A) an election under subsection (a) is made for any taxable year (determined without regard to paragraph (3)) after the date prescribed by this subsection for making such election for such taxable year, and

"(B) the Secretary determines that there was reasonable cause for the failure to timely make such election,

the Secretary may treat such election as timely made for such taxable year (and paragraph (3) shall not apply)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to elections for taxable years beginning after December 31, 1982.

SEC. 4603. TREATMENT OF DISTRIBUTIONS DURING LOSS YEARS.

(a) ADJUSTMENTS FOR DISTRIBUTIONS TAKEN INTO ACCOUNT BEFORE LOSSES.—

(1) Subparagraph (A) of section 1366(d)(1) is amended by striking "paragraph (1)" and inserting "paragraphs (1) and (2)(A)".

(2) Subsection (d) of section 1368 is amended by adding at the end thereof the following new sentence:

"In the case of any distribution made during any taxable year, the adjusted basis of the stock shall be determined with regard to the adjustments provided in paragraph (1) of section 1367(a) for the taxable year."

(b) ACCUMULATED ADJUSTMENTS ACCOUNT.—Paragraph (1) of section 1368(e) (relating to accumulated adjustments account) is amended by adding at the end thereof the following new subparagraph:

"(C) NET LOSS FOR YEAR DISREGARDED.—

"(i) IN GENERAL.—In applying this section to distributions made during any taxable year, the amount in the accumulated adjustments account as of the close of such taxable year shall be determined without regard to any net negative adjustment for such taxable year.

"(ii) NET NEGATIVE ADJUSTMENT.—For purposes of clause (i), the term 'net negative adjustment' means, with respect to any taxable year, the excess (if any) of—

"(I) the reductions in the account for the taxable year (other than for distributions), over

"(II) the increases in such account for such taxable year."

(c) CONFORMING AMENDMENTS.—Subparagraph (A) of section 1368(e)(1) is amended—

(1) by striking "as provided in subparagraph (B)" and inserting "as otherwise provided in this paragraph", and

(2) by striking "section 1367(b)(2)(A)" and inserting "section 1367(a)(2)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in taxable years beginning after December 31, 1991.

SEC. 4604. OTHER MODIFICATIONS.

(a) TREATMENT OF S CORPORATIONS UNDER SUBCHAPTER C.—Subsection (a) of section 1371 (relating to application of subchapter C rules) is amended to read as follows:

"(a) APPLICATION OF SUBCHAPTER C RULES.—Except as otherwise provided in this title, and except to the extent inconsistent with this subchapter, subchapter C shall apply to an S corporation and its shareholders."

(b) S CORPORATIONS PERMITTED TO HOLD SUBSIDIARIES.—

(1) IN GENERAL.—Paragraph (2) of section 1361(b) (defining ineligible corporation) is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), (D), and (E) as subparagraphs (A), (B), (C), and (D), respectively.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (c) of section 1361 is amended by striking paragraph (6).

(B) Subsection (b) of section 1504 (defining includible corporation) is amended by adding at the end thereof the following new paragraph:

"(8) An S corporation."

(c) ELIMINATION OF PRE-1983 EARNINGS AND PROFITS.—

(1) IN GENERAL.—If—

(A) a corporation was an electing small business corporation under subchapter S of chapter 1 of the Internal Revenue Code of 1986 for any taxable year beginning before January 1, 1983, and

(B) such corporation is an S corporation under subchapter S of chapter 1 of such Code for its first taxable year beginning after December 31, 1991,

the amount of such corporation's accumulated earnings and profits (as of the beginning of such first taxable year) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under such subchapter S.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (3) of section 1362(d) is amended—

(i) by striking "subchapter C" in the paragraph heading and inserting "accumulated",

(ii) by striking "subchapter C" in subparagraph (A)(i)(I) and inserting "accumulated", and

(iii) by striking subparagraph (B) and redesignating the following subparagraphs accordingly.

(B)(i) Subsection (a) of section 1375 is amended by striking "subchapter C" in paragraph (1) and inserting "accumulated".

(ii) Paragraph (3) of section 1375(b) is amended to read as follows:

"(3) PASSIVE INVESTMENT INCOME, ETC.—The terms 'passive investment income' and 'gross receipts' have the same respective meanings as when used in paragraph (3) of section 1362(d)."

(iii) The section heading for section 1375 is amended by striking "**subchapter c**" and inserting "**accumulated**".

(iv) The table of sections for part III of subchapter S of chapter 1 is amended by striking "**SUBCHAPTER C**" in the item relating to section 1375 and inserting "**ACCUMULATED**".

(C) Clause (i) of section 1042(c)(4)(A) is amended by striking "section 1362(d)(3)(D)" and inserting "section 1362(d)(3)(C)".

(d) ADJUSTMENTS TO BASIS OF INHERITED S STOCK TO REFLECT CERTAIN ITEMS OF INCOME.—Subsection (b) of section 1367 (relating to adjustments to basis of stock of shareholders, etc.) is amended by adding at the end thereof the following new paragraph:

"(4) ADJUSTMENTS IN CASE OF INHERITED STOCK.—

"(A) IN GENERAL.—If any person acquires stock in an S corporation by reason of the death of a decedent or by bequest, devise, or inheritance, section 691 shall be applied with respect to any item of income of the S corporation in the same manner as if the decedent had held directly his pro rata share of such item.

"(B) ADJUSTMENTS TO BASIS.—The basis determined under section 1014 of any stock in an S corporation shall be reduced by the portion of the value of the stock which is attributable to items constituting income in respect of the decedent."

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1991.

(2) SUBSECTION (d).—The amendment made by subsection (d) shall apply in the case of decedents dying after the date of the enactment of this Act.

PART II—ACCOUNTING PROVISIONS

SEC. 4611. MODIFICATIONS TO LOOK-BACK METHOD FOR LONG-TERM CONTRACTS.

(a) LOOK-BACK METHOD NOT TO APPLY IN CERTAIN CASES.—Subsection (b) of section 460 (relating to percentage of completion method) is amended by adding at the end thereof the following new paragraph:

"(6) ELECTION TO HAVE LOOK-BACK METHOD NOT APPLY IN DE MINIMIS CASES.—

"(A) AMOUNTS TAKEN INTO ACCOUNT AFTER COMPLETION OF CONTRACT.—Paragraph (1)(B) shall not apply with respect to any taxable year (beginning after the taxable year in which the contract is completed) if—

"(i) the cumulative taxable income (or loss) under the contract as of the close of such taxable year, is within

"(ii) 10 percent of the cumulative lookback taxable income (or loss) under the contract as of the close of the most recent taxable year to which paragraph (1)(B) applied (or would have applied but for subparagraph (B)).

"(B) DE MINIMIS DISCREPANCIES.—Paragraph (1)(B) shall not apply in any case to which it would otherwise apply if—

"(i) the cumulative taxable income (or loss) under the contract as of the close of each prior contract year, is within

"(ii) 10 percent of the cumulative lookback income (or loss) under the contract as of the close of such prior contract year.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) CONTRACT YEAR.—The term 'contract year' means any taxable year for which income is taken into account under the contract.

"(ii) LOOK-BACK INCOME OR LOSS.—The lookback income (or loss) is the amount which would be the taxable income (or loss) under the contract if the allocation method set forth in paragraph (2)(A) were used in determining taxable income.

"(iii) DISCOUNTING NOT APPLICABLE.—The amounts taken into account after the completion of the contract shall be determined without regard to any discounting under the 2nd sentence of paragraph (2).

"(D) CONTRACTS TO WHICH PARAGRAPH APPLIES.—This paragraph shall only apply if the taxpayer makes an election under this subparagraph. Unless revoked with the consent of the Secretary, such an election shall apply to all long-term contracts completed during the taxable year for which such election is made or during any subsequent taxable year."

(b) MODIFICATION OF INTEREST RATE.—

(1) IN GENERAL.—Subparagraph (C) of section 460(b)(2) is amended by striking "the overpayment rate established by section 6621" and inserting "the adjusted overpayment rate (as defined in paragraph (7))".

(2) ADJUSTED OVERPAYMENT RATE.—Subsection (b) of section 460 is amended by adding at the end thereof the following new paragraph:

"(7) ADJUSTED OVERPAYMENT RATE.—

"(A) IN GENERAL.—The adjusted overpayment rate for any interest accrual period is the overpayment rate in effect under section 6621 for the calendar quarter in which such interest accrual period begins.

"(B) INTEREST ACCRUAL PERIOD.—For purposes of subparagraph (A), the term 'interest accrual period' means the period—

"(i) beginning on the day after the return due date for any taxable year of the taxpayer, and

"(ii) ending on the return due date for the following taxable year.

For purposes of the preceding sentence, the term 'return due date' means the date prescribed for filing the return of the tax imposed by this chapter (determined without regard to extensions)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contracts completed in taxable years ending after the date of the enactment of this Act.

SEC. 4612. SIMPLIFIED METHOD FOR CAPITALIZING CERTAIN INDIRECT COSTS.

(a) GENERAL RULE.—Subsection (i) of section 263A (relating to regulations) is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and by adding at the end thereof the following:

"(3) regulations providing that allocations of costs of any administrative, service, or support function or department may be made on the basis of the base period percentage of the current costs of such function or department.

For purposes of paragraph (3), the term 'base period percentage' means, with respect to any function or department, the percentage of the costs of such function or department during a base period specified in regulations which were allocable to property to which this section applies.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

PART III—PROVISIONS RELATING TO REGULATED INVESTMENT COMPANIES

SEC. 4621. REPEAL OF 30-PERCENT GROSS INCOME LIMITATION.

(a) GENERAL RULE.—Subsection (b) of section 851 (relating to limitations) is amended by striking paragraph (3), by adding "and" at the end of paragraph (2), and by redesignating paragraph (4) as paragraph (3).

(b) TECHNICAL AMENDMENTS.—

(1) The material following paragraph (3) of section 851 (as redesignated by subsection (a)) is amended—

(A) by striking out "paragraphs (2) and (3)" and inserting "paragraph (2)", and

(B) by striking out the last sentence thereof.

(2) Subsection (c) of section 851 is amended by striking "subsection (b)(4)" each place it appears (including the heading) and inserting "subsection (b)(3)".

(3) Subsection (d) of section 851 is amended by striking "subsections (b)(4)" and inserting "subsections (b)(3)".

(4) Paragraph (1) of section 851(e) is amended by striking "subsection (b)(4)" and inserting "subsection (b)(3)".

(5) Paragraph (4) of section 851(e) is amended by striking "subsections (b)(4)" and inserting "subsections (b)(3)".

(6) Section 851 is amended by striking subsection (g) and redesignating subsection (h) as subsection (g).

(7) Subsection (g) of section 851 (as redesignated by paragraph (6)) is amended by striking paragraph (3).

(8) Section 817(h)(2) is amended—

(A) by striking "851(b)(4)" in subparagraph (A) and inserting "851(b)(3)", and

(B) by striking "851(b)(4)(A)(i)" in subparagraph (B) and inserting "851(b)(3)(A)(i)".

(9) Section 1092(f)(2) is amended by striking "Except ior purposes of section 851(b)(3), the" and inserting "The".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 4622. BASIS RULES FOR SHARES IN OPEN-END REGULATED INVESTMENT COMPANIES.

(a) ADDITIONAL REPORTING REQUIREMENT.—Section 6045 (relating to returns of brokers) is amended by adding at the end thereof the following new subsection:

"(f) ADDITIONAL INFORMATION REQUIRED WITH RESPECT TO OPEN-END REGULATED INVESTMENT COMPANIES.—

"(1) IN GENERAL.—If any person is required under subsection (a) to make a return regarding the gross proceeds from any disposition of stock in an open-end regulated investment company, such return shall include for each such disposition—

"(A) the basis of the stock disposed of (determined by reference to the average basis of all of the stock in the account from which the disposition was made immediately before the disposition), and

"(B) the portion of such gross proceeds attributable to stock held for more than 1 year and the portion not so attributable.

Determinations under subparagraph (B) shall be made on a first-in, first-out, basis and determinations of basis and holding period shall be made in such manner as the Secretary may prescribe.

"(2) OPEN-END REGULATED INVESTMENT COMPANY.—For purposes of this subsection, the term 'open-end regulated investment company' means any regulated investment company which is offering for sale or has outstanding any redeemable security (as defined in section 2(a)(32) of the Investment Company Act of 1940) of which it is the issuer.

"(3) INFORMATION TRANSFERS.—To the extent provided in regulations, there shall be such exchanges of information between brokers as such regulations may require for purposes of enabling brokers to meet the requirements of this subsection.

"(4) APPLICATION OF SUBSECTION.—This subsection shall not apply with respect to stock in any account—

"(A) which was established before January 1, 1994, or

"(B) which includes any stock not acquired by purchase.".

(b) BASIS FOR INCOME TAX PURPOSES.—Section 1012 of such Code is amended—

(1) by striking "The basis" and inserting "(a) GENERAL RULE.—The basis", and

(2) by adding at the end thereof the following new subsection:

"(b) SPECIAL RULES FOR STOCK IN OPEN-END REGULATED INVESTMENT COMPANIES.—

"(1) IN GENERAL.—In the case of any disposition of stock from a covered account—

"(A) the basis of such stock shall be determined by reference to the average basis of all of the stock in such account immediately before such disposition, and

"(B) the determination of which stock in such account is so disposed of shall be made on a first-in, first-out, basis.

"(2) COVERED ACCOUNT.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'covered account' means any account of stock in an open-end regulated investment company if section 6045(f) applies to such account.

"(B) ELECTION OUT.—The term 'covered account' shall not include any account if, on the taxpayer's return for his first taxable year in which a disposition from such account occurs, the taxpayer elects to have this subsection not apply to such account.".

(c) TECHNICAL AMENDMENT.—Section 6724 of such Code is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL RULE FOR CERTAIN REPORTS WITH RESPECT TO STOCK IN OPEN END REGULATED INVESTMENT COMPANIES.—For purposes of sections 6721(e)(2)(B) and 6722(c)(1)(B), the amount required to be reported under section 6045 shall be determined without regard to subsection (f) thereof.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to returns and statements required for calendar year 1994 and subsequent calendar years.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to dispositions on or after December 31, 1993.

SEC. 4623. NONRECOGNITION TREATMENT FOR CERTAIN TRANSFERS BY COMMON TRUST FUNDS TO REGULATED INVESTMENT COMPANIES.

(a) GENERAL RULE.—Section 584 (relating to common trust funds) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) NONRECOGNITION TREATMENT FOR CERTAIN TRANSFERS TO REGULATED INVESTMENT COMPANIES.—

"(1) IN GENERAL.—If—

"(A) a common trust fund transfers substantially all of its assets to a regulated investment company in exchange solely for stock in such company, and

"(B) such stock is distributed by such common trust fund to participants in such common trust fund in exchange solely for their interests in such common trust fund,

no gain or loss shall be recognized by such common trust fund by reason of such transfer or distribution, and no gain or loss shall be recognized by any participant in such common trust fund by reason of such exchange.

"(2) BASIS RULES.—

"(A) REGULATED INVESTMENT COMPANY.—The basis of any asset received by a regulated investment company in a transfer referred to in paragraph (1)(A) shall be the same as it would be in the hands of the common trust fund.

"(B) PARTICIPANTS.—The basis of any stock in a regulated investment company which is received in an exchange referred to in paragraph (1)(B) shall be the same as that of the property exchanged.

"(3) TREATMENT OF ASSUMPTIONS OF LIABILITY.—

"(A) IN GENERAL.—In determining whether the transfer referred to in paragraph (1)(A) is in exchange solely for stock in the regulated investment company, the assumption by such company of a liability of the common trust fund, and the fact that any property transferred by the common trust fund is subject to a liability, shall be disregarded.

"(B) SPECIAL RULE WHERE ASSUMED LIABILITIES EXCEED BASIS.—

"(i) IN GENERAL.—If in any transfer referred to in paragraph (1)(A) the assumed liabilities exceed the aggregate adjusted bases (in the hands of the common trust fund) of the assets transferred to the regulated investment company—

"(I) notwithstanding paragraph (1), gain shall be recognized to the common trust fund on such transfer in an amount equal to such excess,

"(II) the basis of the assets received by the regulated investment company in such transfer shall be increased by the amount so recognized, and

"(III) any adjustment to the basis of a participant's interest in the common trust fund as a result of the gain so recognized shall be treated as occurring immediately before the exchange referred to in paragraph (1)(B).

"(ii) ASSUMED LIABILITIES.—For purposes of clause (i), the term 'assumed liabilities' means the aggregate of—

"(I) any liability of the common trust fund assumed by the regulated investment company in connection with the transfer referred to in paragraph (1)(A), and

"(II) any liability to which property so transferred is subject.

"(4) COMMON TRUST FUND MUST MEET DIVERSIFICATION RULES.—This subsection shall not apply to any common trust fund which would not meet the requirements of section 368(a)(2)(F)(ii) if it were a corporation.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to transfers after the date of the enactment of this Act.

PART IV—TAX-EXEMPT BOND PROVISIONS

SEC. 4631. REPEAL OF $100,000 LIMITATION ON UNSPENT PROCEEDS UNDER 1-YEAR EXCEPTION FROM REBATE.

Subclause (I) of section 148(f)(4)(B)(ii) (relating to additional period for certain bonds) is amended by striking "the lesser of 5 percent of the proceeds of the issue or $100,000" and inserting "5 percent of the proceeds of the issue".

SEC. 4632. EXCEPTION FROM REBATE FOR EARNINGS ON BONA FIDE DEBT SERVICE FUND UNDER CONSTRUCTION BOND RULES.

Subparagraph (C) of section 148(f)(4) is amended by adding at the end thereof the following new clause:

"(xvii) TREATMENT OF BONA FIDE DEBT SERVICE FUNDS.—If the spending requirements of clause (ii) are met with respect to the available construction proceeds of a construction issue, then paragraph (2) shall not apply to earnings on a bona fide debt service fund for such issue."

SEC. 4633. AGGREGATION OF ISSUES RULES NOT TO APPLY TO TAX OR REVENUE ANTICIPATION BONDS.

Section 150 (relating to definitions and special rules) is amended by adding at the end thereof the following new subsection:

"(f) TAX OR REVENUE ANTICIPATION BONDS TREATED AS SEPARATE ISSUES.—For purposes of this part, if—

"(1) all of the bonds which are part of an issue are qualified 501(c)(3) bonds or bonds which are not private activity bonds, and

"(2) any portion of such issue consists of tax or revenue anticipation bonds which are reasonably expected to meet the requirements of section 148(f)(4)(B)(iii),

then such portion shall, subject to appropriate allocations specified in regulations

prescribed by the Secretary, be treated as a separate issue."

SEC. 4634. REPEAL OF DISPROPORTIONATE PRIVATE BUSINESS USE TEST.

(a) IN GENERAL.—Subsection (b) of section 141 (relating to private business tests) is amended by striking paragraph (3) and by redesignating paragraphs (4) through (9) as paragraphs (3) through (8), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 141(d) is amended by striking "subsection (b)(4)" and inserting "subsection (b)(3)".

(2) Paragraph (2) of section 142(c) is amended by striking "section 141(b)(6)" and inserting "section 141(b)(5)".

(3) Subsections (k)(3) and (m)(1) of section 146 and section 149(f)(4)(B)(i) are each amended by striking "section 141(b)(5)" and inserting "section 141(b)(4)".

SEC. 4635. EXPANDED EXCEPTION FROM REBATE FOR ISSUERS ISSUING $10,000,000 OR LESS OF BONDS.

Subparagraph (D) of section 148(f) (relating to exception for governmental units issuing $5,000,000 or less of bonds) is amended by striking "$5,000,000" each place it appears (including the heading) and inserting "$10,000,000".

SEC. 4636. REPEAL OF DEBT SERVICE-BASED LIMITATION ON INVESTMENT IN CERTAIN NONPURPOSE INVESTMENTS.

Subsection (d) of section 148 (relating to special rules for reasonably required reserve or replacement fund) is amended by striking paragraph (3).

SEC. 4637. REPEAL OF EXPIRED PROVISIONS.

(a) Paragraph (2) of section 148(c) is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraph (B), (C), and (D), respectively.

(b) Paragraph (4) of section 148(f) is amended by striking subparagraph (E).

SEC. 4638. CLARIFICATION OF INVESTMENT-TYPE PROPERTY.

Subparagraph (D) of section 148(b)(2) is amended to read as follows:

"(D) any investment-type property, or".

SEC. 4639. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this subtitle shall apply to bonds issued after the date of the enactment of this Act.

(b) SMALL ISSUER EXPANSION.—The amendment made by section 4636 shall apply to bonds issued in calendar years beginning after the date of the enactment of this Act.

(c) INVESTMENT-TYPE PROPERTY.—The amendment made by section 4639 shall take effect as if included in the amendments made by section 1301 of the Tax Reform Act of 1986.

PART V—INSURANCE PROVISIONS

SEC. 4641. TREATMENT OF CERTAIN INSURANCE CONTRACTS ON RETIRED LIVES.

(a) GENERAL RULE.—

(1) Paragraph (2) of section 817(d) (defining variable contract) is amended by striking "or" at the end of subparagraph (A), by striking "and" at the end of subparagraph (B) and inserting "or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) provides for funding of insurance on retired lives as described in section 807(c)(6), and".

(2) Paragraph (3) of section 817(d) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) in the case of funds held under a contract described in paragraph (2)(C), the amounts paid in, or the amounts paid out, reflect the investment return and the market value of the segregated asset account."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to contracts issued after December 31, 1991.

(2) ELECTION.—At the election of the taxpayer, the amendment made by this section shall also apply to all contracts issued before January 1, 1992, and in a taxable year for which the period prescribed by section 6501 of the Internal Revenue Code of 1986 for the assessment of any tax for such taxable year, has not expired before the date of the enactment of this Act.

SEC. 4642. TREATMENT OF MODIFIED GUARANTEED CONTRACTS.

(a) GENERAL RULE.—Subpart E of part I of subchapter L of chapter 1 (relating to definitions and special rules) is amended by inserting after section 817 the following new section:

"SEC. 817A. SPECIAL RULES FOR MODIFIED GUARANTEED CONTRACTS.

"(a) COMPUTATION OF RESERVES.—In the case of a modified guaranteed contract, clause (ii) of section 807(e)(1)(A) shall not apply.

"(b) SEGREGATED ASSETS UNDER MODIFIED GUARANTEED CONTRACTS MARKED TO MARKET.—

"(1) IN GENERAL.—In the case of any life insurance company, for purposes of this subtitle—

"(A) Any gain or loss with respect to a segregated asset shall be treated as ordinary income or loss, as the case may be.

"(B) If any segregated asset is held by such company as of the close of any taxable year—

"(i) such company shall recognize gain or loss as if such asset were sold for its fair market value on the last business day of such taxable year, and

"(ii) any such gain or loss shall be taken into account for such taxable year.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence. The Secretary may provide by regulations for the application of this subparagraph at times other than the times provided in this subparagraph.

"(2) SEGREGATED ASSET.—For purposes of paragraph (1), the term 'segregated asset' means any asset held as part a segregated account referred to in subsection (d)(1) under a modified guaranteed contract.

"(c) SPECIAL RULE IN COMPUTING LIFE INSURANCE RESERVES.—For purposes of applying section 816(b)(1)(A) to any modified guaranteed contract, an assumed rate of interest shall include a rate of interest determined, from time to time, with reference to a market rate of interest.

"(d) MODIFIED GUARANTEED CONTRACT DEFINED.—For purposes of this section, the term 'modified guaranteed contract' means a contract not described in section 817—

"(1) all or part of the amounts received under which are allocated to an account which, pursuant to State law or regulation, is segregated from the general asset accounts of the company and is valued from time to time with reference to market values,

"(2) which—

"(A) provides for the payment of annuities,

"(B) is a life insurance contract, or

"(C) is a pension plan contract which is not a life, accident, or health, property, casualty, or liability contract, and

"(3) which provides for a market value adjustment.

"(e) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section and to provide for the treatment of market value adjustments under sections 72, 7702, and 7702A."

(b) CLERICAL AMENDMENT.—The table of sections for subpart E of part I of subchapter L of chapter 1 is amended by inserting after the item relating to section 817 the following new item:

"Sec. 817A. Special rules for modified guaranteed contracts."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

(2) TREATMENT OF NET ADJUSTMENTS.—In the case of any taxpayer required by the amendments made by this section to change its calculation of reserves to take into account market value adjustments and to mark segregated assets to market for any taxable year—

(A) such changes shall be treated as a change in method of accounting initiated by the taxpayer,

(B) such changes shall be treated as made with the consent of the Secretary, and

(C) the adjustments required by reason of section 481 of the Internal Revenue Code of 1986 shall be taken into account as ordinary income or loss by the taxpayer for the taxpayer's first taxable year beginning after December 31, 1991.

PART VI—OTHER PROVISIONS

SEC. 4651. CLOSING OF PARTNERSHIP TAXABLE YEAR WITH RESPECT TO DECEASED PARTNER, ETC.

(a) GENERAL RULE.—Subparagraph (A) of section 706(c)(2) (relating to disposition of entire interest) is amended to read as follows:

"(A) DISPOSITION OF ENTIRE INTEREST.—The taxable year of a partnership shall close with respect to a partner whose entire interest in the partnership terminates (whether by reason of death, liquidation, or otherwise)."

(b) CLERICAL AMENDMENT.—The paragraph heading for paragraph (2) of section 706(c) is amended to read as follows:

"(2) TREATMENT OF DISPOSITIONS.—".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years beginning after December 31, 1991.

SEC. 4652. REPEAL OF SPECIAL TREATMENT OF OWNERSHIP CHANGES IN DETERMINING ADJUSTED CURRENT EARNINGS.

(a) GENERAL RULE.—Paragraph (4) of section 56(g) (relating to adjustments) is amended by striking subparagraph (G) and by redesignating the following subparagraph as paragraph (G).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to ownership changes after the date of the enactment of this Act.

Subtitle G—Estate And Gift Tax Provisions

SEC. 4701. CLARIFICATION OF WAIVER OF CERTAIN RIGHTS OF RECOVERY.

(a) AMENDMENT TO SECTION 2207A.—Paragraph (2) of section 2207A(a) (relating to right of recovery in the case of certain marital deduction property) is amended to read as follows:

"(2) DECEDENT MAY OTHERWISE DIRECT.—Paragraph (1) shall not apply with respect to any property to the extent that the decedent in his will (or a revocable trust) specifically

indicates an intent to waive any right of recovery under this subchapter with respect to such property."

(b) AMENDMENT TO SECTION 2207B.—Paragraph (2) of section 2207B(a) (relating to right of recovery where decedent retained interest) is amended to read as follows:

"(2) DECEDENT MAY OTHERWISE DIRECT.—Paragraph (1) shall not apply with respect to any property to the extent that the decedent in his will (or a revocable trust) specifically indicates an intent to waive any right of recovery under this subchapter with respect to such property."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to the estates of decedents dying after the date of the enactment of this Act.

SEC. 4702. ADJUSTMENTS FOR GIFTS WITHIN 3 YEARS OF DECEDENT'S DEATH.

(a) GENERAL RULE.—Section 2035 is amended to read as follows:

"SEC. 2035. ADJUSTMENTS FOR CERTAIN GIFTS MADE WITHIN 3 YEARS OF DECEDENT'S DEATH.

"(a) INCLUSION OF CERTAIN PROPERTY IN GROSS ESTATE.—If—

"(1) the decedent made a transfer (by trust or otherwise) of an interest in any property, or relinquished a power with respect to any property, during the 3-year period ending on the date of the decedent's death, and

"(2) the value of such property (or an interest therein) would have been included in the decedent's gross estate under section 2036, 2037, 2038, or 2042 if such transferred interest or relinquished power had been retained by the decedent on the date of his death,

the value of the gross estate shall include the value of any property (or interest therein) which would have been so included.

"(b) INCLUSION OF GIFT TAX ON GIFTS MADE DURING 3 YEARS BEFORE DECEDENT'S DEATH.—The amount of the gross estate (determined without regard to this subsection) shall be increased by the amount of any tax paid under chapter 12 by the decedent or his estate on any gift made by the decedent or his spouse during the 3-year period ending on the date of the decedent's death.

"(c) OTHER RULES RELATING TO TRANSFERS WITHIN 3 YEARS OF DEATH.—

"(1) IN GENERAL.—For purposes of—

"(A) section 303(b) (relating to distributions in redemption of stock to pay death taxes),

"(B) section 2032A (relating to special valuation of certain farms, etc., real property), and

"(C) subchapter C of chapter 64 (relating to lien for taxes),

the value of the gross estate shall include the value of all property to the extent of any interest therein of which the decedent has at any time made a transfer, by trust or otherwise, during the 3-year period ending on the date of the decedent's death.

"(2) COORDINATION WITH SECTION 6166.—An estate shall be treated as meeting the 35 percent of adjusted gross estate requirement of section 6166(a)(1) only if the estate meets such requirement both with and without the application of paragraph (1).

"(3) SMALL TRANSFERS.—Paragraph (1) shall not apply to any transfer (other than a transfer with respect to a life insurance policy) made during a calendar year to any donee if the decedent was not required by section 6019 (other than by reason of section 6019(a)(2)) to file any gift tax return for such year with respect to transfers to such donee.

"(d) EXCEPTION.—Subsection (a) shall not apply to any bona fide sale for an adequate and full consideration in money or money's worth.

"(e) TREATMENT OF CERTAIN REVOCABLE TRUSTS.—For purposes of this section and section 2038, any transfer from any portion of a trust with respect to which the decedent was the grantor during any period when the decedent held the power to revest in the decedent title to such portion shall be treated as a transfer made directly by the decedent."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter A of chapter 11 is amended by striking "gifts" in the item relating to section 2035 and inserting "certain gifts".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after the date of the enactment of this Act.

SEC. 4703. CLARIFICATION OF QUALIFIED TERMINABLE INTEREST RULES.

(a) GENERAL RULE.—

(1) ESTATE TAX.—Subparagraph (B) of section 2056(b)(7) (defining qualified terminable interest property) is amended by adding at the end thereof the following new clause:

"(v)(i) TREATMENT OF CERTAIN INCOME DISTRIBUTIONS.—An income interest shall not fail to qualify as a qualified income interest for life solely because income for the period after the last distribution date and on or before the date of the surviving spouse's death is not required to be distributed to the surviving spouse or to the estate of the surviving spouse."

(2) GIFT TAX.—Paragraph (3) of section 2523(f) is amended by striking "and (iv)" and inserting ", (iv), and (vi)".

(b) CLARIFICATION OF SUBSEQUENT INCLUSIONS.—Section 2044 is amended by adding at the end thereof the following new subsection:

"(d) CLARIFICATION OF INCLUSION OF CERTAIN INCOME.—The amount included in the gross estate under subsection (a) shall include the amount of any income from the property to which this section applies for the period after the last distribution date and on or before the date of the decedent's death if such income is not otherwise included in the decedent's gross estate."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to the estates of decedents dying, and gifts made, after the date of the enactment of this Act.

(2) APPLICATION OF SECTION 2044 TO TRANSFERS BEFORE DATE OF ENACTMENT.—In the case of the estate of any decedent dying after the date of the enactment of this Act, if there was a transfer of property on or before such date—

(A) such property shall not be included in the gross estate of the decedent under section 2044 of the Internal Revenue Code of 1986 if no prior marital deduction was allowed with respect to such a transfer of such property to the decedent, but

(B) such property shall be so included if such a deduction was allowed.

SEC. 4704. TREATMENT OF PORTIONS OF PROPERTY UNDER MARITAL DEDUCTION.

(a) ESTATE TAX.—Subsection (b) of section 2056 (relating to limitation in case of life estate or other terminable interest) is amended by adding at the end thereof the following new paragraph:

"(10) SPECIFIC PORTION.—For purposes of paragraphs (5), (6), and (7)(B)(iv), the term 'specific portion' only includes a portion determined on a fractional or percentage basis."

(b) GIFT TAX.—

(1) Subsection (e) of section 2523 is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, the term 'specific portion' only includes a portion determined on a fractional or percentage basis."

(2) Paragraph (3) of section 2523(f) is amended by inserting before the period at the end thereof the following: "and the rules of section 2056(b)(10) shall apply".

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendment made by subsection (a) shall apply to the estates of decedents dying after the date of the enactment of this Act.

(B) EXCEPTION.—The amendment made by subsection (a) shall not apply to any interest in property which passes (or has passed) to the surviving spouse of the decedent pursuant to a will (or revocable trust) in existence on the date of the enactment of this Act if—

(i) the decedent dies on or before the date 3 years after such date of enactment, or

(ii) the decedent was, on such date of enactment, under a mental disability to change the disposition of his property and did not regain his competence to dispose of such property before the date of his death.

The preceding sentence shall not apply if such will (or revocable trust) is amended at any time after such date of enactment in any respect which will increase the amount of the interest which so passes or alters the terms of the transfer by which the interest so passes.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to gifts made after the date of the enactment of this Act.

SEC. 4705. TRANSITIONAL RULE UNDER SECTION 2056A.

(a) GENERAL RULE.—In the case of any trust created under an instrument executed before the date of the enactment of the Revenue Reconciliation Act of 1990, such trust shall be treated as meeting the requirements of paragraph (1) of section 2056A(a) of the Internal Revenue Code of 1986 if the trust instrument requires that all trustees of the trust be individual citizens of the United States or domestic corporations.

(b) EFFECTIVE DATE.—The provisions of subsection (a) shall take effect as if included in the provisions of section 11702(g) of the Revenue Reconciliation Act of 1990.

SEC. 4706. OPPORTUNITY TO CORRECT CERTAIN FAILURES UNDER SECTION 2032A.

(a) GENERAL RULE.—Paragraph (3) of section 2032A(d) (relating to modification of election and agreement to be permitted) is amended to read as follows:

"(3) MODIFICATION OF ELECTION AND AGREEMENT TO BE PERMITTED.—The Secretary shall prescribe procedures which provide that in any case in which the executor makes an election under paragraph (1) (and submits the agreement referred to in paragraph (2)) within the time prescribed therefor, but—

"(A) the notice of election, as filed, does not contain all required information, or

"(B) signatures of 1 or more persons required to enter into the agreement described in paragraph (2) are not included on the agreement as filed, or the agreement does not contain all required information,

the executor will have a reasonable period of time (not exceeding 90 days) after notification of such failures to provide such information or signatures."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to the estates of decedents dying after the date of the enactment of this Act.

Subtitle H—Excise Tax Simplification

PART I—FUEL TAX PROVISIONS

SEC. 4801. REPEAL OF CERTAIN RETAIL AND USE TAXES.

(a) IN GENERAL.—Section 4041 is amended to read as follows:

"SEC. 4041. SPECIAL MOTOR FUELS AND NONCOMMERCIAL AVIATION GASOLINE.

"(a) SPECIAL MOTOR FUELS.—

"(1) IN GENERAL.—There is hereby imposed a tax on benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid—

"(A) sold by any person to an owner, lessee, or other operator of a motor vehicle or a motorboat for use as a fuel in such motor vehicle or motorboat, or

"(B) used by any person as a fuel in a motor vehicle or motorboat unless there was a taxable sale of such liquid under subparagraph (A).

"(2) RATE OF TAX.—The rate of the tax imposed by this subsection shall be the aggregate rate of tax in effect under section 4081 at the time of such sale or use.

"(3) CERTAIN FUELS EXEMPT FROM TAX.—The tax imposed by this subsection shall not apply to gasoline (as defined in section 4082), diesel fuel (as defined in section 4092), kerosene, gas oil, or fuel oil.

"(4) REDUCED RATES OF TAX ON CERTAIN FUELS.—

"(A) QUALIFIED METHANOL AND ETHANOL FUEL.—

"(i) IN GENERAL.—In the case of any qualified methanol or ethanol fuel—

"(I) the Highway Trust Fund financing rate applicable under paragraph (2) shall be 5.4 cents per gallon less than the otherwise applicable rate (6 cents per gallon less in the case of a mixture none of the alcohol in which consists of ethanol), and

"(II) the Leaking Underground Storage Tank Trust Fund financing rate applicable under paragraph (2) shall be 0.05 cent per gallon.

"(ii) QUALIFIED METHANOL OR ETHANOL FUEL.—The term 'qualified methanol or ethanol fuel' means any liquid at least 85 percent of which consists of methanol, ethanol, or other alcohol produced from a substance other than petroleum or natural gas.

"(iii) TERMINATION.—Clause (i) shall not apply to any sale or use after September 30, 2000.

"(B) NATURAL GAS-DERIVED METHANOL OR ETHANOL FUEL.—

"(i) IN GENERAL.—In the case of natural gas-derived methanol or ethanol fuel—

"(I) the Highway Trust Fund financing rate applicable under paragraph (2) shall be 5.75 cents per gallon, and

"(II) the deficit reduction rate applicable under paragraph (2) shall be 1.25 cents per gallon.

"(ii) NATURAL GAS-DERIVED METHANOL OR ETHANOL FUEL.—The term 'natural-gas derived methanol or ethanol fuel' means any liquid at least 85 percent of which consists of methanol, ethanol, or other alcohol produced from natural gas.

"(C) OTHER FUELS CONTAINING ALCOHOL.—

"(i) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of any liquid at least 10 percent of which consists of alcohol (as defined in section 4081(c)(3)), the Highway Trust Fund financing rate applicable under paragraph (2) shall be the comparable rate under section 4081.

"(ii) LATER SEPARATION.—If any person separates the liquid fuel from a mixture of the liquid fuel and alcohol to which clause (i) applies, such separation shall be treated as a sale of the liquid fuel. Any tax imposed on such sale shall be reduced by the amount (if any) of the tax imposed on the sale of such mixture.

"(iii) TERMINATION.—Clause (i) shall not apply to any sale or use after September 30, 2000.

"(D) LIQUEFIED PETROLEUM GAS.—The rate of tax applicable under paragraph (2) to liquefied petroleum gas shall be determined without regard to the Leaking Underground Storage Tank Trust Fund financing rate under section 4081.

"(5) EXEMPTION FOR OFF-HIGHWAY BUSINESS USE.—No tax shall be imposed by paragraph (1) on liquids sold for use or used in an off-highway business use (within the meaning of section 6420(f)).

"(b) NONCOMMERCIAL AVIATION GASOLINE.—

"(1) IN GENERAL.—There is hereby imposed a tax on gasoline—

"(A) sold by any person to an owner, lessee, or other operator of an aircraft for use as a fuel in such aircraft in noncommercial aviation, or

"(B) used by any person as a fuel in an aircraft in noncommercial aviation unless there was a taxable sale of such gasoline under subparagraph (A).

The tax imposed by this paragraph shall be in addition to any tax imposed by section 4081.

"(2) RATE OF TAX.—The rate of the tax imposed by paragraph (1) on any gasoline is the excess of 15 cents a gallon over the sum of the Highway Trust Fund financing rate plus the deficit reduction rate at which tax was imposed on such gasoline under section 4081.

"(3) NONCOMMERCIAL AVIATION.—For purposes of this subsection, the term 'noncommercial aviation' means any use of an aircraft other than use in a business of transporting persons or property for compensation or hire by air. Such term includes any use of an aircraft, in a business described in the preceding sentence, which is properly allocable to any transportation exempt from the taxes imposed by sections 4261 and 4271 by reason of section 4281 or 4282.

"(4) EXEMPTION FOR FUELS CONTAINING ALCOHOL.—No tax shall be imposed by this subsection on any liquid at least 10 percent of which consists of alcohol (as defined in section 4081(c)(3)).

"(5) EXEMPTION FOR CERTAIN HELICOPTER USES.—No tax shall be imposed by this subsection on gasoline sold for use or used in a helicopter for purposes of providing transportation with respect to which the requirements of subsection (e) or (f) of section 4261 are met.

"(6) REGISTRATION.—Except as provided in regulations prescribed by the Secretary, if any gasoline is sold by any person for use as a fuel in an aircraft, it shall be presumed for purposes of this subsection that a tax imposed by this subsection applies to the sale of such gasoline unless the purchaser is registered in such manner (and furnished such information in respect of the use of the gasoline) as the Secretary shall by regulations provide.

"(7) GASOLINE.—For purposes of this subsection, the term 'gasoline' has the meaning given such term by section 4082.

"(8) TERMINATION.—Paragraph (1) shall not apply to any sale or use after December 31, 1995.

"(c) EXEMPTION FOR FARM USE.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, no tax shall be imposed under this section on any liquid sold for use or used on a farm for farming purposes (determined in accordance with paragraphs (1), (2), and (3) of section 6420(e)).

"(2) TERMINATION.—Except with respect to so much of the tax imposed by subsection (a) as is determined by reference to the Leaking Underground Storage Tank Trust Fund financing rate under section 4081, paragraph (1) shall not apply after September 30, 1999.

"(d) EXEMPTIONS FOR STATE AND LOCAL GOVERNMENTS, SCHOOLS, EXPORTATION, AND SUPPLIES FOR VESSELS AND AIRCRAFT.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, no tax shall be imposed under this section on any liquid sold for use, or used, in an exempt use described in paragraph (4), (5), (6), or (7) of section 6420(b).

"(2) TERMINATION.—Except with respect to so much of the tax imposed by subsection (a) as is determined by reference to the Leaking Underground Storage Tank Trust Fund financing rate under section 4081, after September 30, 1999, paragraph (1) shall not apply to exempt uses described in paragraph (4) and (5) of section 6420(b).

"(e) EXEMPTION FOR USE BY CERTAIN AIRCRAFT MUSEUMS.—Under regulations prescribed by the Secretary, no tax shall be imposed under this section on any liquid sold for use or used in an exempt use described in section 6420(b)(11)."

(b) CERTAIN ADDITIONAL PURCHASERS OF FUEL TREATED AS PRODUCERS.—

(1) IN GENERAL.—Subparagraph (C) of section 4092(b)(1) is amended to read as follows:

"(C) REDUCED-TAX PURCHASERS TREATED AS PRODUCERS.—Any person to whom any fuel is sold in a sale on which the amount of tax otherwise required to be paid under section 4091 is reduced under section 4093 shall be treated as the producer of such fuel. The amount of tax imposed by section 4091 on any sale of such fuel by such person shall be reduced by the amount of tax imposed under section 4091 (and not credited or refunded) on any prior sale of such fuel."

(2) CONFORMING AMENDMENT.—Subsection (b) of section 4093 is amended by inserting "(as defined in section 4092(b) without regard to paragraph (1)(C) thereof)" after "producer".

SEC. 4802. REVISION OF FUEL TAX CREDIT AND REFUND PROCEDURES.

(a) REFUNDS TO CERTAIN SELLERS OF DIESEL FUEL AND AVIATION FUEL.—

(1) IN GENERAL.—Paragraph (2) of section 6416(b) is amended by striking "4091 or 4121" and inserting "4121 or 4091; except that this paragraph shall apply to a person selling diesel fuel or aviation fuel for a use described in the first sentence if such person meets such requirements as the Secretary may by regulations prescribe".

(2) LIMITATIONS ON AMOUNT OF TAX ONLY HIGHWAY TRUST FUND FINANCING RATE TO BE REFUNDABLE.—Paragraph (2) of section 6416(b) is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to the taxes imposed by sections 4081 and 4091 with respect to any use to the same extent that section 6420(a) does not apply to such use by reason of paragraph (1) or (2) of section 6420(c)."

(b) CONSOLIDATION OF REFUND PROVISIONS; REPEAL OF CONSENT REQUIREMENT FOR REFUND OF FUEL TAXES TO CROPDUSTERS, ETC.—Section 6420 (relating to gasoline used on farms) is amended to read as follows:

"SEC. 6420. CERTAIN TAXES ON FUELS USED FOR EXEMPT PURPOSES.

"(a) IN GENERAL.—Except as otherwise provided in this section, if any fuel on which tax was imposed under section 4041, 4081, or 4091 is used in an exempt use, the Secretary shall pay (without interest) to the ultimate purchaser of such fuel the amount equal to the

aggregate tax imposed on such fuel under such sections.

"(b) EXEMPT USES.—For purposes of this section, the term 'exempt use' means—

"(1) in the case of diesel fuel, use other than as a fuel in a diesel-powered highway vehicle or a diesel-powered boat,

"(2) in the case of aviation fuel, use other than as a fuel in an aircraft,

"(3) in the case of gasoline or aviation fuel, use in an aircraft other than in noncommercial aviation (as defined in section 4041(b)),

"(4) use by any State, any political subdivision of a State, or the District of Columbia,

"(5) use by a nonprofit educational organization (as defined in section 4221(d)(5)),

"(6) export,

"(7) use as supplies for vessels or aircraft (within the meaning of section 4221(d)(3)),

"(8) use on a farm for farming purposes (within the meaning of subsection (e)),

"(9) use in an off-highway business use (within the meaning of subsection (f)),

"(10) use in qualified bus transportation (within the meaning of subsection (g)),

"(11) use by an aircraft museum (within the meaning of subsection (h)),

"(12) use in a nonpurpose use (within the meaning of subsection (i)),

"(13) use in a helicopter for purposes of providing transportation with respect to which the requirements of subsection (e) or (f) of section 4261 are met, and

"(14) use in producing a mixture of a fuel if at least 10 percent of such mixture consists of alcohol (as defined in section 4081(c)(3)) and if such mixture is sold or used in the trade or business of the person producing such mixture.

Paragraph (14) shall not apply with respect to any mixture sold or used after September 30, 2000.

"(c) LIMITATIONS ON AMOUNT OF PAYMENT.—

"(1) NO REFUND OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND TAXES IN CERTAIN CASES.—Subsection (a) shall not apply to so much of the taxes imposed by sections 4081 and 4091 as are attributable to a Leaking Underground Storage Tank Trust Fund financing rate in the case of—

"(A) fuel used in a train, and

"(B) fuel used in any aircraft (except as supplies for vessels or aircraft within the meaning of section 4221(d)(3)).

"(2) NO REFUND OF DEFICIT REDUCTION TAX ON DIESEL FUEL USED IN TRAINS.—Subsection (a) shall not apply to so much of the tax imposed by section 4091 as is attributable to a deficit reduction rate in the case of diesel fuel used in a diesel-powered train.

"(3) NO REFUND OF PORTION OF TAX ON DIESEL FUEL USED IN CERTAIN BUSES.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the rate of tax taken into account under subsection (a) with respect to diesel fuel used in qualified bus transportation (within the meaning of subsection (g)(1)) shall be 3.1 cents per gallon less than the aggregate rate of tax imposed on such fuel by section 4091.

"(B) EXCEPTION FOR SCHOOL BUS TRANSPORTATION.—Subparagraph (A) shall not apply to fuel used in an automobile bus while engaged in transportation described in subsection (g)(1)(B).

"(C) EXCEPTION FOR CERTAIN INTRACITY TRANSPORTATION.—Subparagraph (A) shall not apply to fuel used in any automobile bus while engaged in furnishing (for compensation) intracity passenger land transportation—

"(i) which is available to the general public, and

"(ii) which is scheduled and along regular routes,

but only if such bus is a qualified local bus.

"(D) QUALIFIED LOCAL BUS.—For purposes of this paragraph, the term 'qualified local bus' means any local bus—

"(i) which has a seating capacity of at least 20 adults (not including the driver), and

"(ii) which is under contract with (or is receiving more than a nominal subsidy from) any State or local government (as defined in section 4221(d)) to furnish such transportation.

"(4) ALCOHOL FUELS.—

"(A) IN GENERAL.—In the case of a fuel used as described in subsection (b)(14) and on which tax was imposed at regular tax rate, the rate of tax taken into account under subsection (a) with respect to the fuel so used shall equal the excess of the regular tax rate over the incentive tax rate.

"(B) REGULAR TAX RATE.—The term 'regular tax rate' means—

"(i) in the case of gasoline, the aggregate rate of tax imposed by section 4081 determined without regard to subsection (c) thereof,

"(ii) in the case of diesel fuel, the aggregate rate of tax imposed by section 4091 on such fuel determined without regard to subsection (c) thereof, and

"(iii) in the case of aviation fuel, the aggregate rate of tax imposed by section 4091 on such fuel determined without regard to subsection (d) thereof.

"(C) INCENTIVE TAX RATE.—The term 'incentive tax rate' means—

"(i) in the case of gasoline, the aggregate rate of tax imposed by section 4081 with respect to fuel described in subsection (c)(1) thereof,

"(ii) in the case of diesel fuel, the aggregate rate of tax imposed by section 4091 with respect to fuel described in subsection (c)(1)(B) thereof, and

"(iii) in the case of aviation fuel, the aggregate rate of tax imposed by section 4091 with respect to fuel described in subsection (d)(1)(B) thereof.

"(5) GASOHOL USED IN NONCOMMERCIAL AVIATION.—If—

"(A) tax is imposed by section 4081 at the rate determined under subsection (c) thereof on gasohol (as defined in such subsection), and

"(B) such gasohol is used as a fuel in any aircraft in noncommercial aviation (as defined in section 4041(b)),

the payment under subsection (a) shall be equal to 1.4 cents (2 cents in the case of gasohol none of the alcohol in which consists of ethanol) per gallon of gasohol so used.

"(d) TIME FOR FILING CLAIMS; PERIOD COVERED.—

"(1) GENERAL RULE.—Except as provided in paragraphs (2) and (3), not more than one claim may be filed under this section by any person with respect to fuel used (or a qualified diesel powered highway vehicle purchased) during his taxable year; and no claim shall be allowed under this paragraph with respect to fuel used (or a qualified diesel powered highway vehicle purchased) during any taxable year unless filed by the purchaser not later than the time prescribed by law for filing a claim for credit or refund of overpayment of income tax for such taxable year. For purposes of this subsection, a person's taxable year shall be his taxable year for purposes of subtitle A.

"(2) EXCEPTIONS.—

"(A) IN GENERAL.—If as of the close of any quarter of a person's taxable year, $750 or more is payable under this section to such person with respect to fuel used (or a qualified diesel powered highway vehicle purchased) during such quarter or any prior quarter of such taxable year (and for which no other claim has been filed), a claim may be filed under this section with respect to fuel so used (or qualified diesel powered highway vehicles so purchased).

"(B) TIME FOR FILING CLAIM.—No claim filed under this paragraph shall be allowed unless filed during the first quarter following the last quarter included in the claim.

"(3) SPECIAL RULE FOR GASOHOL CREDIT.—

"(A) IN GENERAL.—A claim may be filed for gasoline used to produce gasohol (as defined in section 4081(c)(1)) for any period—

"(i) for which $200 or more is payable by reason of subsection (b)(14), and

"(ii) which is not less than 1 week.

"(B) PAYMENT OF CLAIM.—Notwithstanding subsection (a), if the Secretary has not paid a claim filed pursuant to subparagraph (A) within 20 days of the date of the filing of such claim, the claim shall be paid with interest from such date determined by using the overpayment rate and method under section 6621.

"(e) USE ON A FARM FOR FARMING.—For purposes of subsection (b)(8)—

"(1) IN GENERAL.—Fuel shall be treated as used on a farm for farming purposes only if used—

"(A) in carrying on a trade or business,

"(B) on a farm situated in the United States, and

"(C) for farming purposes.

"(2) FARM.—The term 'farm' includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

"(3) FARMING PURPOSES.—Fuel shall be treated as used for farming purposes only if used—

"(A) by the owner, tenant, or operator of a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, on a farm of which he is the owner, tenant, or operator;

"(B) by the owner, tenant, or operator of a farm, in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; but only if such owner, tenant, or operator produced more than one-half of the commodity which he so treated during the period with respect to which claim is filed;

"(C) by the owner, tenant, or operator of a farm, in connection with—

"(i) the planting, cultivating, caring for, or cutting of trees, or

"(ii) the preparation (other than milling) of trees for market, incidental to farming operations; or

"(D) by the owner, tenant, or operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment.

"(4) CERTAIN FARMING USE OTHER THAN BY OWNER, ETC.—In applying paragraph (3)(A) to a use on a farm for any purpose described in paragraph (3)(A) by any person other than the owner, tenant, or operator of such farm—

"(A) the owner, tenant, or operator of such farm shall be treated as the user and ultimate purchaser of the fuel, except that

"(B) if the person so using the fuel is an aerial or other applicator of fertilizers or

other substances and is the ultimate purchaser of the fuel, then subparagraph (A) of this paragraph shall not apply and the aerial or other applicator shall be treated as having used such fuel on a farm for farming purposes.

"(f) OFF-HIGHWAY BUSINESS USE.—For purposes of subsection (b)(9)—

"(1) IN GENERAL.—The term 'off-highway business use' means any use by a person in a trade or business of such person or in an activity of such person described in section 212 (relating to production of income) otherwise than as a fuel in a highway vehicle—

"(A) which (at the time of such use) is registered, or is required to be registered, for highway use under the laws of any State or foreign country, or

"(B) which, in the case of a highway vehicle owned by the United States, is used on the highway.

"(2) USES IN MOTORBOATS.—The term 'off-highway business use' does not include any use in a motorboat; except that such term shall include any use in—

"(A) a vessel employed in the fisheries or in the whaling business, and

"(B) in the case of diesel fuel, a boat in the active conduct of—

"(i) a trade or business of commercial fishing or transporting persons or property for compensation or hire, or

"(ii) any other trade or business unless the boat is used predominantly in any activity which is of a type generally considered to constitute entertainment, amusement or recreation.

"(g) QUALIFIED BUS TRANSPORTATION.—For purposes of subsection (b)(10)—

"(1) IN GENERAL.—Fuel is used in qualified bus transportation if it is used in an automobile bus while engaged in—

"(A) furnishing (for compensation) passenger land transportation available to the general public, or

"(B) the transportation of students and employees of schools (as defined in the last sentence of section 4221(d)(7)(C)).

"(2) LIMITATION IN THE CASE OF NONSCHEDULED INTERCITY OR LOCAL BUSES.—Paragraph (1)(A) shall not apply in respect of fuel used in any automobile bus while engaged in furnishing transportation which is not along regular routes unless the seating capacity of such bus is at least 20 adults (not including the driver).

"(h) USE BY AN AIRCRAFT MUSEUM.—For purposes of subsection (b)(11)—

"(1) IN GENERAL.—Fuel is used by an aircraft museum if it is used in an aircraft or vehicle owned by such museum and used exclusively for purposes set forth in paragraph (2)(C).

"(2) AIRCRAFT MUSEUM.—For purposes of this subsection, the term 'aircraft museum' means an organization—

"(A) described in section 501(c)(3) which is exempt from income tax under section 501(a),

"(B) operated as a museum under charter by a State or the District of Columbia, and

"(C) operated exclusively for the procurement, care, and exhibition of aircraft of the type used for combat or transport in World War II.

"(i) USE IN A NONPURPOSE USE.—For purposes of subsection (b)(12), fuel is used in a nonpurpose use if—

"(1) tax was imposed by section 4041 on the sale thereof and the purchaser—

"(A) uses such fuel other than for the use for which it is sold, or

"(B) resells such fuel, or

"(2) tax was imposed by section 4081 on any gasoline blend stock or product commonly used as an additive in gasoline and the purchaser establishes that the ultimate use of such blend stock or product is not to produce gasoline.

"(j) ADVANCE REPAYMENT OF INCREASED DIESEL FUEL TAX TO ORIGINAL PURCHASERS OF DIESEL-POWERED AUTOMOBILES AND LIGHT TRUCKS.—

"(1) IN GENERAL.—Except as provided in subsection (d), the Secretary shall pay (without interest) to the original purchaser of any qualified diesel-powered highway vehicle an amount equal to the diesel fuel differential amount.

"(2) QUALIFIED DIESEL-POWERED HIGHWAY VEHICLE.—For purposes of this subsection, the term 'qualified diesel-powered highway vehicle' means any diesel-powered highway vehicle which—

"(A) has at least 4 wheels,

"(B) has a gross vehicle weight rating of 10,000 pounds or less, and

"(C) is registered for highway use in the United States under the laws of any State.

"(3) DIESEL FUEL DIFFERENTIAL AMOUNT.—For purposes of this subsection, the term 'diesel fuel differential amount' means—

"(A) except as provided in subparagraph (B), $102, or

"(B) in the case of a truck or van, $198.

"(4) ORIGINAL PURCHASER.—For purposes of this subsection—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'original purchaser' means the first person to purchase the qualified diesel-powered vehicle for use other than resale.

"(B) EXCEPTION FOR CERTAIN PERSONS NOT SUBJECT TO FUELS TAX.—The term 'original purchaser' shall not include any State or local government (as defined in section 4221(d)(4)) or any nonprofit educational organization (as defined in section 4221(d)(5)).

"(C) TREATMENT OF DEMONSTRATION USE BY DEALER.—For purposes of subparagraph (A), use as a demonstrator by a dealer shall not be taken into account.

"(5) VEHICLES TO WHICH SUBSECTION APPLIES.—This subsection shall only apply to qualified diesel-powered highway vehicles originally purchased after January 1, 1985, and before January 1, 1999.

"(6) BASIS REDUCTION.—For the purposes of subtitle A, the basis of any qualified diesel-powered highway vehicle shall be reduced by the amount payable under this subsection with respect to such vehicle.

"(k) INCOME TAX CREDIT IN LIEU OF PAYMENT; OTHER SPECIAL RULES.—

"(1) INCOME TAX CREDIT IN LIEU OF PAYMENT.—

"(A) PERSONS NOT SUBJECT TO INCOME TAX.—Payment shall be made under this section only to—

"(i) the United States or an agency or instrumentality thereof, a State, a political subdivision of a State, or any agency or instrumentality of one or more States or political subdivisions, or

"(ii) an organization exempt from tax under section 501(a) (other than an organization required to make a return of the tax imposed under subtitle A for its taxable year).

"(B) EXCEPTION.—Subparagraph (A) shall not apply to a payment of a claim filed under paragraph (2) or (3) of subsection (d).

"(C) ALLOWANCE OF CREDIT AGAINST INCOME TAX.—

"For allowances of credit against the income tax imposed by subtitle A for fuel used by the purchaser in an exempt use, see section 34.

"(2) APPLICABLE LAWS.—

"(A) IN GENERAL.—All provisions of law, including penalties, applicable in respect of the tax with respect to which a payment is claimed under this section shall, insofar as applicable and not inconsistent with this section, apply in respect of such payment to the same extent as if such payment constituted a refund of overpayments of such tax.

"(B) EXAMINATION OF BOOKS AND WITNESSES.—For the purpose of ascertaining the correctness of any claim made under this section, or the correctness of any payment made in respect of any such claim, the Secretary shall have the authority granted by paragraphs (1), (2), and (3) of section 7602(a) (relating to examination of books and witnesses) as if the claimant were the person liable for tax.

"(3) COORDINATION WITH SECTION 6416, ETC.—No amount shall be payable under this section to any person with respect to any fuel if the Secretary determines that the amount of tax for which such payment is sought was not included in the price paid by such person for such fuel. The amount which would (but for this sentence) be payable under this section with respect to any fuel shall be reduced by any other amount which the Secretary determines is payable under this section, or is refundable under any other provision of this title, to any person with respect to such fuel.

"(4) REGULATIONS.—The Secretary may by regulations prescribe the conditions, not inconsistent with the provisions of this section, under which payments may be made under this section.

"(l) FUELS.—For purposes of this section, the terms 'gasoline', 'diesel fuel', and 'aviation fuel' have the respective meanings given such terms by sections 4082 and 4092.

"(m) TERMINATION.—Except as otherwise provided in this section, this section shall not apply to any liquid purchased after September 30, 1999. The preceding sentence shall not apply to taxes attributable to any Leaking Underground Storage Tank Trust Fund financing rate."

SEC. 4803. AUTHORITY TO PROVIDE EXCEPTIONS FROM INFORMATION REPORTING WITH RESPECT TO DIESEL FUEL AND AVIATION FUEL.

(a) RETURNS BY PRODUCERS AND IMPORTERS.—Subparagraph (A) of section 4093(c)(4) (relating to returns by producers and importers) is amended by striking "Each producer" and inserting "Except as provided by the Secretary by regulations, each producer".

(b) RETURNS BY PURCHASERS.—Subparagraph (C) of section 4093(c)(4) (relating to returns by purchasers) is amended by striking "Each person" and inserting "Except as provided by the Secretary by regulations, each person".

SEC. 4804. TECHNICAL AND CONFORMING AMENDMENTS.

(1) Sections 6421 and 6427 are hereby repealed.

(2) Section 34 is amended to read as follows:

"SEC. 34. EXCISE TAXES ON FUEL USED FOR EXEMPT PURPOSES.

"There shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the excess of—

"(1) the aggregate amount payable to the taxpayer under section 6420 (determined without regard to section 6420(k)(1)) with respect to—

"(A) exempt uses (as defined in section 6420(b)) during such taxable year, and

"(B) qualified diesel-powered highway vehicles purchased during such taxable year, over

"(2) the portion of such amount for which a claim payable under section 6420(d) is timely filed."

(3)(A) Subsection (c) of section 40 is amended by striking "subsection (b)(2), (k), or (m)" and inserting "subsection (a)(4) or (b)(4)".

(B) Subparagraph (B) of section 40(d)(4) is amended by striking "section 4041(k) or 4081(c)" and inserting "subsection (a) or (b) of section 4041 or under section 4081(c)".

(4) Paragraph (2) of section 451(e) is amended by striking "section 6420(c)(3)" and inserting "section 6420(e)(3)".

(5) Clause (i) of section 1274(c)(3)(A) is amended by striking "section 6420(c)(2)" and inserting "section 6420(e)(2)".

(6) Sections 874(a) and 1366(f)(1) are each amended by striking "gasoline and special" and inserting "taxable".

(7) Paragraph (2) of section 882(c) is amended by striking "gasoline" and inserting "taxable fuels".

(8) Subsection (b) of section 4042 is amended by striking paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(9) Subsection (b) of section 4082 is amended by striking "special fuels referred to in section 4041" and inserting "special motor fuels referred to in section 4041(a)".

(10) Section 4083 is amended to read as follows:

"SEC. 4083. CROSS REFERENCE.

"For provision allowing a credit or refund for gasoline used for exempt purposes, see section 6420."

(11) Subsections (c)(2) and (d)(2) of section 4091 are each amended by striking "section 6427(f)(1)" and inserting "section 6420(b)(14)".

(12) Paragraph (1) of section 4093(c) is amended by striking "by the purchaser" and all that follows and inserting "by the purchaser in an exempt use (as defined in section 6420(b) other than paragraph (14) thereof)."

(13) Subparagraph (C) of section 4093(c)(2) is amended by striking "section 6427(b)(2)(A)" and inserting "section 6420(c)(3)(A)".

(14) Clause (i) of section 4093(c)(4)(C) is amended to read as follows:

"(i) whether such use was an exempt use (as defined in section 6420(b)) and the amount of fuel so used,".

(15) Section 4093 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) USE BY PRODUCER OR IMPORTER.—If any producer or importer uses any taxable fuel, then such producer or importer shall be liable for tax under section 4091 in the same manner as if such fuel were sold by him for such use."

(16) Subsection (f) of section 4093, as redesignated by paragraph (15), is amended to read as follows:

"(f) CROSS REFERENCE.—

"For provision allowing a credit or refund for fuel used for exempt purposes, see section 6420."

(17) Section 6206 is amended to read as follows:

"SEC. 6206. SPECIAL RULES APPLICABLE TO EXCESSIVE FUEL TAX REFUND CLAIMS.

"Any portion of a payment made under section 6420 which constitutes an excessive amount (as defined in section 6675(b)), and any civil penalty provided by section 6675, may be assessed and collected as if—

"(1) it were a tax imposed by the section to which the claim relates, and

"(2) the person making the claim were liable for such tax.

The period for assessing any such portion, and for assessing any such penalty, shall be 3 years from the last day prescribed for filing the claim under section 6420."

(18) Subparagraph (A) of section 6416(a)(2) is amended by striking "(relating to tax on special fuels)" and inserting "(relating to special motor fuels and noncommercial aviation gasoline)".

(19) Paragraph (2) of section 6416(b) is amended—

(A) in the matter preceding subparagraph (A) by striking "subsection (a) or (d) of section 4041" and inserting "section 4041(a)", and

(B) in subparagraph (F) by striking "special fuels referred to in section 4041" and inserting "special motor fuels referred to in section 4041(a)".

(20) Paragraph (9) of section 6504 is amended to read as follows:

"(9) Assessments to recover excessive amounts paid under section 6420 (relating to certain taxes on fuels used for exempt purposes) and assessments of civil penalties under section 6675 for excessive claims under section 6420, see section 6206."

(21) Subsection (h) of section 6511 is amended by striking paragraphs (5) and (6), by redesignating paragraph (7) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

"(5) For limitations in the case of payments under section 6420 (relating to certain taxes on fuels used for exempt purposes), see section 6420(d)."

(22) Subsection (c) of section 6612 is amended by striking "6420 (relating to payments in the case of gasoline used on the farm for farming purposes) and 6421 (relating to payments in the case of gasoline used for certain nonhighway purposes or by local transit systems)" and inserting "and 6420 (relating to certain taxes on fuels used for exempt purposes)".

(23) Subsection (a) of section 6675 is amended by striking "section 6420 (relating to gasoline used on farms), 6421 (relating to gasoline used for certain nonhighway purposes or by local transit systems), or 6427 (relating to fuels not used for taxable purposes)" and inserting "section 6420 (relating to certain taxes on fuels used for exempt purposes)".

(24) Paragraph (1) of section 6675(b) is amended by striking ", 6421, or 6427, as the case may be,".

(25) Section 7210 is amended by striking "sections 6420(e)(2), 6421(g)(2), 6427(j)(2)" and inserting "sections 6420(k)(2)(B)".

(26) Section 7603, subsections (b) and (c)(2) of section 7604, section 7605, and 7610(c) are each amended by striking "section 6420(e)(2), 6421(g)(2), 6427(j)(2)," each place it appears and inserting "section 6420(k)(2)(B)".

(27) Sections 7605 and 7609(c)(1) are each amended by striking "section 6420(e)(2), 6421(g)(2), or 6427(j)(2)" and inserting "section 6420(k)(2)(B)".

(28) Paragraph (1) of section 9502(b) is amended by striking "subsections (c) and (e) of section 4041 (taxes on aviation fuel)" and inserting "section 4041(b) (relating to taxes on noncommercial aviation gasoline)".

(29) Paragraph (2) of section 9502(d) is amended by striking "fuel used in aircraft" and all that follows and inserting "fuel used in aircraft, under section 6420 (relating to certain taxes on fuels used for exempt purposes)."

(30) Paragraph (1) of section 9502(e) is amended by striking "4041(c)(1) and".

(31) Subparagraph (A) of section 9503(b)(1) is amended to read as follows:

"(A) section 4041 (relating to special motor fuels and noncommercial aviation gasoline),".

(32) Paragraph (4) of section 9503(b) is amended to read as follows:

"(4) CERTAIN ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND.—For purposes of paragraphs (1) and (2), the taxes imposed by sections 4041, 4081, and 4091 shall be taken into account only to the extent attributable to the Highway Trust Fund financing rates under such sections."

(33)(A) Clause (i) of section 9503(c)(2)(A) is amended to read as follows:

"(i) the amounts paid before July 1, 2000, under section 6420 (relating to certain taxes on fuels used for exempt purposes) on the basis of claims filed for periods ending before October 1, 1999, and".

(B) For purposes of section 9503(c)(2)(A)(i) of the Internal Revenue Code of 1986, the reference to section 6420 shall be treated as including a reference to sections 6420, 6421, and 6427 of such Code as in effect before the enactment of this Act.

(34) Clause (ii) of section 9503(c)(2)(A) is amended by striking "gasoline, special fuels, and lubricating oil" each place it appears and inserting "taxable fuels".

(35) Subparagraph (D) of section 9503(c)(4) is amended by striking "section 4041(a)(2)" and inserting "section 4041(a)".

(36) Subparagraph (A) of section 9503(e)(5) is amended by striking "section 6427(g)" and inserting "section 6420(j)".

(37) Paragraph (1) of section 9508(b) is amended to read as follows:

"(1) taxes received in the Treasury under section 4041 (relating to special motor fuels and noncommercial aviation gasoline) to the extent attributable to the Leaking Underground Storage Tank Trust Fund financing rates applicable under such section,".

(38) Subparagraph (A) of section 9508(c)(2) is amended by striking "equivalent to—" and all that follows and inserting the following: "equivalent to—

"(i) amounts paid under section 6420 (relating to certain taxes on fuels used for exempt purposes), and

"(ii) credits allowed under section 34,

with respect to so much of the taxes imposed by sections 4041, 4081, and 4091 as are attributable to the Leaking Underground Storage Tank Trust Fund financing rates applicable under such sections."

(39) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 34 and inserting the following:

"Sec. 34. Excise taxes on fuels used for exempt purposes."

(40) The table of sections for subchapter B of chapter 31 is amended by striking the item relating to section 4041 and inserting the following:

"Sec. 4041. Special motor fuels and noncommercial aviation gasoline."

(41) The table of sections for subpart A of part III of subchapter A of chapter 32 is amended by striking the item relating to section 4083 and inserting the following:

"Sec. 4083. Cross reference."

(42) The table of sections for subchapter B of chapter 65 is amended by striking the items relating to sections 6421 and 6427 and by striking the item relating to section 6420 and inserting the following new item:

"Sec. 6420. Certain taxes on fuels used for exempt purposes."

(43) The table of sections for subchapter A of chapter 63 is amended by striking the item relating to section 6206 and inserting the following new item:

"Sec. 6206. Special rules applicable to excessive fuel tax refund claims."

SEC. 4805. EFFECTIVE DATE.

The amendments made by this part shall take effect on January 1, 1993.

PART II—PROVISIONS RELATED TO DISTILLED SPIRITS, WINES, AND BEER

SEC. 4811. CREDIT OR REFUND FOR IMPORTED BOTTLED DISTILLED SPIRITS RETURNED TO DISTILLED SPIRITS PLANT.

(a) IN GENERAL.—Paragraph (1) of section 5008(c) (relating to distilled spirits returned to bonded premises) is amended by striking "withdrawn from bonded premises on payment or determination of tax" and inserting "on which tax has been determined or paid".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4812. AUTHORITY TO CANCEL OR CREDIT EXPORT BONDS WITHOUT SUBMISSION OF RECORDS.

(a) IN GENERAL.—Subsection (c) of section 5175 (relating to export bonds) is amended by striking "on the submission of" and all that follows and inserting "if there is such proof of exportation as the Secretary may by regulations require."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4813. REPEAL OF REQUIRED MAINTENANCE OF RECORDS ON PREMISES OF DISTILLED SPIRITS PLANT.

(a) IN GENERAL.—Subsection (c) of section 5207 (relating to records and reports) is amended by striking "shall be kept on the premises where the operations covered by the record are carried on and".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4814. FERMENTED MATERIAL FROM ANY BREWERY MAY BE RECEIVED AT A DISTILLED SPIRITS PLANT.

(a) IN GENERAL.—Paragraph (2) of section 5222(b) (relating to production, receipt, removal, and use of distilling materials) is amended to read as follows:

"(2) beer conveyed without payment of tax from brewery premises, beer which has been lawfully removed from brewery premises upon determination of tax, or".

(b) CLARIFICATION OF AUTHORITY TO PERMIT REMOVAL OF BEER WITHOUT PAYMENT OF TAX FOR USE AS DISTILLING MATERIAL.—Section 5053 (relating to exemptions) is amended by redesignating subsection (f) as subsection (i) and by inserting after subsection (e) the following new subsection:

"(f) REMOVAL FOR USE AS DISTILLING MATERIAL.—Subject to such regulations as the Secretary may prescribe, beer may be removed from a brewery without payment of tax to any distilled spirits plant for use as distilling material."

(c) CLARIFICATION OF REFUND AND CREDIT OF TAX.—Section 5056 (relating to refund and credit of tax, or relief from liability) is amended—

(1) by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) BEER RECEIVED AT A DISTILLED SPIRITS PLANT.—Any tax paid by any brewer on beer produced in the United States may be refunded or credited to the brewer, without interest, or if the tax has not been paid, the brewer may be relieved of liability therefor, under regulations as the Secretary may prescribe, if such beer is received on the bonded premises of a distilled spirits plant pursuant to the provisions of section 5222(b)(2), for use in the production of distilled spirits.", and

(2) by striking "or rendering unmerchantable" in subsection (d) (as so redesignated) and inserting "rendering unmerchantable, or receipt on the bonded premises of a distilled spirits plant".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4815. REPEAL OF REQUIREMENT FOR WHOLESALE DEALERS IN LIQUORS TO POST SIGN.

(a) IN GENERAL.—Section 5115 (relating to sign required on premises) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) section 5681 is amended by striking ", and every wholesale dealer in liquors," and by striking "section 5115(a) or".

(2) Subsection (c) of section 5681 is amended—

(A) by striking "or wholesale liquor establishment, on which no sign required by section 5115(a) or" and inserting "on which no sign required by", and

(B) by striking "or wholesale liquor establishment, or who" and inserting "or who".

(3) The table of sections for subpart D of part II of subchapter A of chapter 51 is amended by striking the item relating to section 5115.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 4816. REFUND OF TAX TO WINE RETURNED TO BOND NOT LIMITED TO UNMERCHANTABLE WINE.

(a) IN GENERAL.—Subsection (a) of section 5044 (relating to refund of tax on unmerchantable wine) is amended by striking "as unmerchantable".

(b) CONFORMING AMENDMENTS.—

(1) Section 5361 is amended by striking "unmerchantable".

(2) The section heading for section 5044 is amended by striking "UNMERCHANTABLE".

(3) The item relating to section 5044 in the table of sections for subpart C of part I of subchapter A of chapter 51 is amended by striking "unmerchantable".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4817. USE OF ADDITIONAL AMELIORATING MATERIAL IN CERTAIN WINES.

(a) IN GENERAL.—Subparagraph (D) of section 5384(b)(2) (relating to ameliorated fruit and berry wines) is amended by striking "loganberries, currants, or gooseberries," and inserting "any fruit or berry with a natural fixed acid of 20 parts per thousand or more (before any correction of such fruit or berry)".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4818. DOMESTICALLY-PRODUCED BEER MAY BE WITHDRAWN FREE OF TAX FOR USE OF FOREIGN EMBASSIES, LEGATIONS, ETC.

(a) IN GENERAL.—Section 5053 (relating to exemptions) is amended by inserting after subsection (f) the following new subsection:

"(g) REMOVALS FOR USE OF FOREIGN EMBASSIES, LEGATIONS, ETC.—

"(1) IN GENERAL.—Subject to such regulations as the Secretary may prescribe—

"(A) beer may be withdrawn from the brewery without payment of tax for transfer to any customs bonded warehouse for entry pending withdrawal therefrom as provided in subparagraph (B), and

"(B) beer entered into any customs bonded warehouse under subparagraph (A) may be withdrawn for consumption in the United States by, and for the official and family use of, such foreign governments, organizations, and individuals as are entitled to withdraw imported beer from such warehouses free of tax.

Beer transferred to any customs bonded warehouse under subparagraph (A) shall be entered, stored, and accounted for in such warehouse under such regulations and bonds as the Secretary may prescribe, and may be withdrawn therefrom by such governments, organizations, and individuals free of tax under the same conditions and procedures as imported beer.

"(2) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (2) and (3) of section 5362(e) of such section shall apply for purposes of this subsection."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4819. BEER MAY BE WITHDRAWN FREE OF TAX FOR DESTRUCTION.

(a) IN GENERAL.—Section 5053 is amended by inserting after subsection (g) the following new subsection:

"(h) REMOVALS FOR DESTRUCTION.—Subject to such regulations as the Secretary may prescribe, beer may be removed from the brewery without payment of tax for destruction."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4820. AUTHORITY TO ALLOW DRAWBACK ON EXPORTED BEER WITHOUT SUBMISSION OF RECORDS.

(a) IN GENERAL.—The first sentence of section 5055 (relating to drawback of tax on beer) is amended by striking "found to have been paid" and all that follows and inserting "paid on such beer if there is such proof of exportation as the Secretary may by regulations require."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 180th day after the date of the enactment of this Act.

SEC. 4821. TRANSFER TO BREWERY OF BEER IMPORTED IN BULK WITHOUT PAYMENT OF TAX.

(a) IN GENERAL.—Part II of subchapter G of chapter 51 is amended by adding at the end thereof the following new section:

"SEC. 5418. BEER IMPORTED IN BULK.

"Beer imported or brought into the United States in bulk containers may, under such regulations as the Secretary may prescribe, be withdrawn from customs custody and transferred in such bulk containers to the premises of a brewery without payment of the internal revenue tax imposed on such beer. The proprietor of a brewery to which such beer is transferred shall become liable for the tax on the beer withdrawn from customs custody under this section upon release of the beer from customs custody, and the importer, or the person bringing such beer into the United States, shall thereupon be relieved of the liability for such tax."

(b) CLERICAL AMENDMENT.—The table of sections for such part II is amended by adding at the end thereof the following new item:

"Sec. 5418. Beer imported in bulk."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 180th day after the date of the enactment of this Act.

PART III—OTHER EXCISE TAX PROVISIONS

SEC. 4831. AUTHORITY TO GRANT EXEMPTIONS FROM REGISTRATION REQUIREMENTS.

(a) IN GENERAL.—The first sentence of section 4222 (relating to registration) is amended to read as follows: "Except as provided in subsection (b), section 4221 shall not apply with respect to the sale of any article by or to any person who is required by the Secretary to be registered under this section and who is not so registered."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales after the 180th day after the date of the enactment of this Act.

SEC. 4832. REPEAL OF EXPIRED PROVISIONS.

(a) PIGGY-BACK TRAILERS.—Section 4051 is amended by striking subsection (d) and by redesignating subsection (e) as subsection (d).

(b) DEEP SEABED MINING.—

(1) Subchapter F of chapter 36 (relating to tax on removal of hard mineral resources from deep seabed) is hereby repealed.

(2) The table of subchapters for chapter 36 is amended by striking the item relating to subchapter F.

Subtitle I—Administrative Provisions

PART I—GENERAL PROVISIONS

SEC. 4901. SIMPLIFICATION OF DEPOSIT REQUIREMENTS FOR SOCIAL SECURITY, RAILROAD RETIREMENT, AND WITHHELD INCOME TAXES.

(a) IN GENERAL.—Subsection (g) of section 6302 (relating to deposits of social security taxes and withheld income taxes) is amended to read as follows:

"(g) DEPOSITS OF SOCIAL SECURITY, RAILROAD RETIREMENT, AND WITHHELD INCOME TAXES.—

"(1) GENERAL RULE.—Except as otherwise provided in this subsection—

"(A) employment taxes attributable to payments on Wednesday, Thursday, or Friday of any week shall be deposited on or before the following Tuesday, and

"(B) employment taxes attributable to payments on Saturday, Sunday, Monday, or Tuesday of any week shall be deposited on or before the following Friday.

"(2) SMALL DEPOSITORS.—

"(A) IN GENERAL.—If any person is a small depositor for any calendar quarter, such person shall make deposits of employment taxes attributable to payments during any month in such quarter on or before the 15th day of the following month.

"(B) SMALL DEPOSITOR.—For purposes of this subsection, a person is a small depositor for any calendar quarter if, for each calendar quarter in the base period, the amount of employment taxes attributable to payments made by such person during such calendar quarter was $12,000 or less. For purposes of the preceding sentence, the base period for any calendar quarter is the 4 calendar quarters ending with the second preceding calendar quarter.

"(C) CESSATION AS SMALL DEPOSITOR.—A person shall cease to be treated as a small depositor for a calendar quarter after any day on which such person is required to make a deposit under paragraph (3).

"(3) LARGE DEPOSITORS.—Notwithstanding paragraphs (1) and (2), if, on any day, any person has $100,000 or more of employment taxes for deposit, such taxes shall be deposited on or before the next day.

"(4) SAFE HARBOR.—

"(A) IN GENERAL.—A person shall be treated as depositing the required amount of employment taxes in any deposit if the shortfall does not exceed the greater of—

"(i) $100, or

"(ii) 2 percent of the amount of employment taxes required to be deposited in such deposit (determined without regard to this paragraph).

Such shortfall shall be deposited as required by the Secretary by regulations.

"(B) SHORTFALL.—For purposes of this paragraph, the term 'shortfall' means, with respect to any deposit, the excess of the amount of employment taxes required to be deposited in such deposit (determined without regard to this paragraph) over the amount (if any) thereof deposited on or before the last date prescribed therefor.

"(5) DEPOSIT REQUIRED ONLY ON BANKING DAYS.—If taxes are required to be deposited under this subsection on any day which is not a banking day, such taxes shall be treated as timely deposited if deposited on the first banking day thereafter.

"(6) EMPLOYMENT TAXES.—For purposes of this subsection, the term 'employment taxes' means the taxes imposed by chapters 21, 22, and 24.

"(7) SUBSECTION TO APPLY ONLY TO REQUIRED DEPOSITS.—This subsection shall not apply to employment taxes which are not required to be deposited under the regulations prescribed by the Secretary under this section.

"(8) REGULATIONS.—The Secretary may prescribe regulations—

"(A) specifying employment tax deposit requirements for persons who fail to comply with the requirements of this subsection,

"(B) specifying circumstances under which a person shall be treated as a small depositor for purposes of this subsection notwithstanding that such person is not described in paragraph (2)(B),

"(C) specifying modifications to the provisions of this subsection for end-of-quarter periods, and

"(D) establishing deposit requirements for taxes imposed by section 3406 which apply in lieu of the requirements of this subsection."

(b) CONFORMING AMENDMENT.—Section 226 of the Railroad Retirement Solvency Act of 1983 is hereby repealed.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts attributable to payments made after December 31, 1992.

SEC. 4902. SIMPLIFICATION OF EMPLOYMENT TAXES ON DOMESTIC SERVICES.

(a) THRESHOLD REQUIREMENT FOR SOCIAL SECURITY TAXES.—

(1) Subparagraph (B) of section 3121(a)(7) (defining wages) is amended to read as follows:

"(B) Cash remuneration paid by an employer in any calendar year to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such year by the employer to the employee for such service is less than $300. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (g)(5);"

(2) Subparagraph (B) of section 209(a)(6) of the Social Security Act is amended to read as follows:

"(B) Cash remuneration paid by an employer in any calendar year to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such year by the employer to the employee for such service is less than $300. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in section 210(f)(5)."

(3) The second sentence of section 3102(a) is amended—

(A) by striking "calendar quarter" each place it appears and inserting "calendar year", and

(B) by striking "$50" and inserting "$300".

(b) COORDINATION OF COLLECTION OF DOMESTIC SERVICE EMPLOYMENT WITH COLLECTION OF INCOME TAXES.—

(1) IN GENERAL.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end thereof the following new section:

"SEC. 3510. COORDINATION OF COLLECTION OF DOMESTIC SERVICE EMPLOYMENT TAXES WITH COLLECTION OF INCOME TAXES.

"(a) GENERAL RULE.—Except as otherwise provided in this section—

"(1) returns with respect to domestic service employment taxes shall be made on a calendar year basis,

"(2) any such return for any calendar year shall be filed on or before the due date (including extensions) of the income tax return for the employer's taxable year which begins in such calendar year, and

"(3) no requirement to make deposits (or to pay installments under section 6157) shall apply with respect to such taxes.

"(b) DOMESTIC SERVICE EMPLOYMENT TAXES SUBJECT TO ESTIMATED TAX PROVISIONS.—

"(1) IN GENERAL.—Solely for purposes of section 6654, domestic service employment taxes imposed with respect to any calendar year shall be treated as a tax imposed by chapter 2 for the taxable year of the employer which begins in such calendar year.

"(2) ANNUALIZATION.—Under regulations prescribed by the Secretary, appropriate adjustments shall be made in the application of section 6654(d)(2) in respect of the amount treated as tax under paragraph (1).

"(3) TRANSITIONAL RULE.—For purposes of applying section 6654 to a taxable year beginning in 1993, the amount referred to in clause (ii) of section 6654(d)(1)(B) shall be increased by 90 percent of the amount treated as tax under paragraph (1) for such taxable year.

"(c) DOMESTIC SERVICE EMPLOYMENT TAXES.—For purposes of this section, the term 'domestic service employment taxes' means—

"(1) any taxes imposed by chapter 21 or 23 on remuneration paid for domestic service in a private home of the employer, and

"(2) any amount withheld from such remuneration pursuant to an agreement under section 3402(p).

For purposes of this subsection, the term 'domestic service in a private home of the employer' does not include service described in section 3121(g)(5).

"(d) EXCEPTION WHERE EMPLOYER LIABLE FOR OTHER EMPLOYMENT TAXES.—To the extent provided in regulations prescribed by the Secretary, this section shall not apply to any employer for any calendar year if such employer is liable for any tax under this subtitle with respect to remuneration for services other than domestic service in a private home of the employer.

"(e) AUTHORITY TO ENTER INTO AGREEMENTS TO COLLECT STATE UNEMPLOYMENT TAXES.—

"(1) IN GENERAL.—The Secretary is hereby authorized to enter into an agreement with any State to collect, as the agent of such State, such State's unemployment taxes im-

posed on remuneration paid for domestic service in a private home of the employer. Any taxes to be collected by the Secretary pursuant to such an agreement shall be treated as domestic service employment taxes for purposes of this section.

"(2) TRANSFERS TO STATE ACCOUNT.—Any amount collected under an agreement referred to in paragraph (1) shall be transferred by the Secretary to the account of the State in the Unemployment Trust Fund.

"(3) SUBTITLE F MADE APPLICABLE.—For purposes of subtitle F, any amount required to be collected under an agreement under paragraph (1) shall be treated as a tax imposed by chapter 23.

"(4) STATE.—For purposes of this subsection, the term 'State' has the meaning given such term by section 3306(j)(1)."

(2) CLERICAL AMENDMENT.—The table of sections for chapter 25 is amended by adding at the end thereof the following:

"Sec. 3510. Coordination of collection of domestic service employment taxes with collection of income taxes."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid in calendar years after 1992.

SEC. 4903. CERTAIN NOTICES DISREGARDED UNDER PROVISION INCREASING INTEREST RATE ON LARGE CORPORATE UNDERPAYMENTS.

(a) GENERAL RULE.—Subparagraph (B) of section 6621(c)(2) (defining applicable date) is amended by adding at the end thereof the following new clause:

"(iii) EXCEPTION FOR LETTERS OR NOTICES INVOLVING SMALL AMOUNTS.—For purposes of this paragraph, any letter or notice shall be disregarded if the amount of the deficiency or proposed deficiency (or the assessment or proposed assessment) set forth in such letter or notice is not greater than $100,000 (determined by not taking into account any interest, penalties, or additions to tax)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply for purposes of determining interest for periods after December 31, 1990.

SEC. 4904. USE OF REPRODUCTIONS OF RETURNS STORED IN DIGITAL IMAGE FORMAT.

(a) IN GENERAL.—Paragraph (2) of section 6103(p) (relating to procedure and recordkeeping) is amended by adding at the end thereof the following new subparagraph:

"(D) REPRODUCTION FROM DIGITAL IMAGES.—For purposes of this paragraph, the term 'reproduction' includes a reproduction from digital images."

(b) STUDY.—The Comptroller General of the United States shall conduct a study of available digital image technology for the purpose of determining the extent to which reproductions of documents stored using that technology accurately reflect the data on the original document and the appropriate period for retaining the original document. Not later than 1 year after the date of the enactment of this Act, a report on the results of such study shall be submitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

SEC. 4905. REPEAL OF AUTHORITY TO DISCLOSE WHETHER PROSPECTIVE JUROR HAS BEEN AUDITED.

(a) IN GENERAL.—Subsection (h) of section 6103 (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) CONFORMING AMENDMENT.—Paragraph (4) of section 6103(p) is amended by striking "(h)(6)" each place it appears and inserting "(h)(5)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to judicial proceedings pending on, or commenced after, the date of the enactment of this Act.

SEC. 4906. REPEAL OF SPECIAL AUDIT PROVISIONS FOR SUBCHAPTER S ITEMS.

(a) GENERAL RULE.—Subchapter D of chapter 63 (relating to tax treatment of subchapter S items) is hereby repealed.

(b) CONSISTENT TREATMENT REQUIRED.—Section 6037 (relating to return of S corporation) is amended by adding at the end thereof the following new subsection:

"(c) SHAREHOLDER'S RETURN MUST BE CONSISTENT WITH CORPORATE RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—

"(1) IN GENERAL.—A shareholder of an S corporation shall, on such shareholder's return, treat a subchapter S item in a manner which is consistent with the treatment of such item on the corporate return.

"(2) NOTIFICATION OF INCONSISTENT TREATMENT.—

"(A) IN GENERAL.—In the case of any subchapter S item, if—

"(i)(I) the corporation has filed a return but the shareholder's treatment on his return is (or may be) inconsistent with the treatment of the item on the corporate return, or

"(II) the corporation has not filed a return, and

"(ii) the shareholder files with the Secretary a statement identifying the inconsistency,

paragraph (1) shall not apply to such item.

"(B) SHAREHOLDER RECEIVING INCORRECT INFORMATION.—A shareholder shall be treated as having complied with clause (ii) of subparagraph (A) with respect to a subchapter S item if the shareholder—

"(i) demonstrates to the satisfaction of the Secretary that the treatment of the subchapter S item on the shareholder's return is consistent with the treatment of the item on the schedule furnished to the shareholder by the corporation, and

"(ii) elects to have this paragraph apply with respect to that item.

"(3) EFFECT OF FAILURE TO NOTIFY.—In any case—

"(A) described in subparagraph (A)(i)(I) of paragraph (2), and

"(B) in which the shareholder does not comply with subparagraph (A)(ii) of paragraph (2),

any adjustment required to make the treatment of the items by such shareholder consistent with the treatment of the items on the corporate return shall be treated as arising out of mathematical or clerical errors and assessed according to section 6213(b)(1). Paragraph (2) of section 6213(b) shall not apply to any assessment referred to in the preceding sentence.

"(4) SUBCHAPTER S ITEM.—For purposes of this subsection, the term 'subchapter S item' means any item of an S corporation to the extent that regulations prescribed by the Secretary provide that, for purposes of this subtitle, such item is more appropriately determined at the corporation level than at the shareholder level.

"(5) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—

"For addition to tax in the case of a shareholder's negligence in connection with, or disregard of, the requirements of this section, see part II of subchapter A of chapter 68."

(c) CONFORMING AMENDMENTS.—

(1) Section 1366 is amended by striking subsection (g).

(2) Subsection (b) of section 6233 is amended to read as follows:

"(b) SIMILAR RULES IN CERTAIN CASES.—If a partnership return is filed for any taxable year but it is determined that there is no entity for such taxable year, to the extent provided in regulations, rules similar to the rules of subsection (a) shall apply."

(3) The table of subchapters for chapter 63 is amended by striking the item relating to subchapter D.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 4907. CLARIFICATION OF STATUTE OF LIMITATIONS.

(a) IN GENERAL.—Subsection (a) of section 6501 (relating to limitations on assessment and collection) is amended by adding at the end thereof the following new sentence: "For purposes of this chapter, the term 'return' means the return required to be filed by the taxpayer (and does not include a return of any person from whom the taxpayer has received an item of income, gain, loss, deduction, or credit)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

PART II—TAX COURT PROCEDURES

SEC. 4911. OVERPAYMENT DETERMINATIONS OF TAX COURT.

(a) APPEAL OF ORDER.—Paragraph (2) of section 6512(b) (relating to jurisdiction to enforce) is amended by adding at the end the following new sentence: "An order of the Tax Court disposing of a motion under this paragraph shall be reviewable in the same manner as a decision of the Tax Court, but only with respect to the matters determined in such order."

(b) DENIAL OF JURISDICTION REGARDING CERTAIN CREDITS AND REDUCTIONS.—Subsection (b) of section 6512 (relating to overpayment determined by Tax Court) is amended by adding at the end the following new paragraph:

"(4) DENIAL OF JURISDICTION REGARDING CERTAIN CREDITS AND REDUCTIONS.—The Tax Court shall have no jurisdiction under this subsection to restrain or review any credit or reduction made by the Secretary under section 6402."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 4912. AWARDING OF ADMINISTRATIVE COSTS.

(a) RIGHT TO APPEAL TAX COURT DECISION.—Subsection (f) of section 7430 (relating to right of appeal) is amended by adding at the end the following new paragraph:

"(3) APPEAL OF TAX COURT DECISION.—An order of the Tax Court disposing of a petition under paragraph (2) shall be reviewable in the same manner as a decision of the Tax Court, but only with respect to the matters determined in such order."

(b) PERIOD FOR APPLYING TO IRS FOR COSTS.—Subsection (b) of section 7430 (relating to limitations) is amended by adding at the end the following new paragraph:

"(5) PERIOD FOR APPLYING TO IRS FOR ADMINISTRATIVE COSTS.—An award may be made under subsection (a) for reasonable administrative costs only if the prevailing party files an application for such costs before the 91st day after the date on which the party was determined to be the prevailing party under subsection (c)(4)(B)."

(c) PERIOD FOR PETITIONING OF TAX COURT FOR REVIEW OF DENIAL OF COSTS.—Paragraph (2) of section 7430(f) (relating to right of appeal) is amended—

(1) by striking "appeal to" and inserting "the filing of a petition for review with", and

(2) by adding at the end the following new sentence: "If the Secretary sends by certified or registered mail a notice of such decision to the petitioner, no proceeding in the Tax Court may be initiated under this paragraph unless such petition is filed before the 91st day after the date of such mailing."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to civil actions or proceedings commenced after the date of the enactment of this Act.

SEC. 4913. REDETERMINATION OF INTEREST PURSUANT TO MOTION.

(a) IN GENERAL.—Paragraph (3) of section 7481(c) (relating to jurisdiction over interest determinations) is amended by striking "petition" and inserting "motion".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 4914. APPLICATION OF NET WORTH REQUIREMENT FOR AWARDS OF LITIGATION COSTS.

(a) IN GENERAL.—Paragraph (4) of section 7430(c) (defining prevailing party) is amended by adding at the end thereof the following new subparagraph:

"(C) SPECIAL RULES FOR APPLYING NET WORTH REQUIREMENT.—In applying the requirements of section 2412(d)(2)(B) of title 28, United States Code, for purposes of subparagraph (A)(iii) of this paragraph—

"(i) the net worth limitation in clause (i) of such section shall apply to—

"(I) an estate but shall be determined as of the date of the decedent's death, and

"(II) a trust but shall be determined as of the last day of the taxable year involved in the proceeding, and

"(ii) individuals filing a joint return shall be treated as 1 individual for purposes of clause (i) of such section, except in the case of a spouse relieved of liability under section 6013(e)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to proceedings commenced after the date of the enactment of this Act.

PART III—AUTHORITY FOR CERTAIN COOPERATIVE AGREEMENTS

SEC. 4921. COOPERATIVE AGREEMENTS WITH STATE TAX AUTHORITIES.

(a) GENERAL RULE.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 7524. COOPERATIVE AGREEMENTS WITH STATE TAX AUTHORITIES.

"(a) AUTHORIZATION OF AGREEMENTS.—The Secretary is hereby authorized to enter into cooperative agreements with State tax authorities for purposes of enhancing joint tax administration. Such agreements may provide for—

"(1) joint filing of Federal and State income tax returns,

"(2) single processing of such returns,

"(3) joint collection of taxes (other than Federal income taxes), and

"(4) such other provisions as may enhance joint tax administration.

"(b) SERVICES ON REIMBURSABLE BASIS.—Any agreement under subsection (a) may require reimbursement for services provided by either party to the agreement.

"(c) AVAILABILITY OF FUNDS.—Any funds appropriated for purposes of the administration of this title shall be available for purposes of carrying out the Secretary's responsibility under an agreement entered into under subsection (a). Any reimbursement received pursuant to such an agreement shall be credited to the amount so appropriated.

"(d) STATE TAX AUTHORITY.—For purposes of this section, the term 'State tax authority' means agency, body, or commission referred to in section 6103(d)(1)."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by adding at the end thereof the following new item:

"Sec. 7524. Cooperative agreements with State tax authorities."

TITLE V—TAXPAYER BILL OF RIGHTS 2

SEC. 5000. SHORT TITLE.

This title may be cited as the "Taxpayer Bill of Rights 2".

Subtitle A—Taxpayer Advocate

SEC. 5001. ESTABLISHMENT OF POSITION OF TAXPAYER ADVOCATE WITHIN INTERNAL REVENUE SERVICE.

(a) GENERAL RULE.—Section 7802 (relating to Commissioner of Internal Revenue; Assistant Commissioner (Employee Plans and Exempt Organizations)) is amended by adding at the end thereof the following new subsection:

"(d) OFFICE OF TAXPAYER ADVOCATE.—

"(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Office of the Taxpayer Advocate'. Such office, including all problem resolution officers, shall be under the supervision and direction of an official to be known as the 'Taxpayer Advocate' who shall be appointed by the President by and with the advice and consent of the Senate, and who shall report directly to the Commissioner of Internal Revenue. The Taxpayer Advocate shall be entitled to compensation at the same rate as the Chief Counsel for the Internal Revenue Service.

"(2) FUNCTIONS OF OFFICE.—

"(A) IN GENERAL.—It shall be the function of the Office of Taxpayer Advocate to—

"(i) assist taxpayers in resolving problems with the Internal Revenue Service,

"(ii) identify areas in which taxpayers have problems in dealings with the Internal Revenue Service,

"(iii) to the extent possible, propose changes in the administrative practices of the Internal Revenue Service to mitigate problems identified under clause (ii), and

"(iv) identify potential legislative changes which may be appropriate to mitigate such problems.

"(B) ANNUAL REPORTS.—

"(i) OBJECTIVES.—Not later than October 31 of each calendar year after 1991, the Taxpayer Advocate shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the objectives of the Taxpayer Advocate for the following calendar year. Any such report shall contain full and substantive analysis, in addition to statistical information.

"(ii) ACTIVITIES.—Not later than December 31 of each calendar year after 1991, the Taxpayer Advocate shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the activities of the Taxpayer Advocate during the fiscal year ending during such calendar year. Any such report shall contain full and substantive analysis, in addition to statistical information, and shall—

"(I) identify the initiatives the Taxpayer Advocate has taken on improving taxpayer services and Internal Revenue Service responsiveness,

"(II) contain recommendations received from individuals with the authority to issue taxpayer assistance orders under section 7811,

"(III) contain a summary of at least 20 of the most serious problems encountered by taxpayers, including a description of the nature of such problems,

"(IV) contain an inventory of the items described in subclauses (I), (II), and (III) for which action has been taken and the result of such action,

"(V) contain an inventory of the items described in subclauses (I), (II), and (III) for which action remains to be completed and the period during which each item has remained on such inventory,

"(VI) contain an inventory of the items described in subclauses (II) and (III) for which no action has been taken, the period during which each item has remained on such inventory, the reasons for the inaction, and identify any Internal Revenue Service official who is responsible for such inaction,

"(VII) identify any Taxpayer Assistance Order which was not honored by the Internal Revenue Service in a timely manner, as specified under section 7811(b),

"(VIII) contain recommendations for such administrative and legislative action as may be appropriate to resolve problems encountered by taxpayers, and

"(IX) include such other information as the Taxpayer Advocate may deem advisable.

"(3) RESPONSIBILITIES OF COMMISSIONER OF INTERNAL REVENUE SERVICE.—The Commissioner of Internal Revenue shall establish procedures requiring a formal response to all recommendations submitted to the Commissioner by the Taxpayer Advocate."

(b) CONFORMING AMENDMENTS.—

(1) Section 7811 (relating to taxpayer assistance orders) is amended—

(A) by striking "the Office of Ombudsman" in subsection (a) and inserting "the Office of the Taxpayer Advocate", and

(B) by striking "Ombudsman" each place it appears (including in the headings of subsections (e) and (f)) and inserting "Taxpayer Advocate".

(2) The heading for section 7802 is amended to read as follows:

"SEC. 7802. COMMISSIONER OF INTERNAL REVENUE; ASSISTANT COMMISSIONERS; TAXPAYER ADVOCATE."

(3) The table of sections for subchapter A of chapter 80 of subtitle F is amended by striking the item relating to section 7802 and inserting the following new item:

"Sec. 7802. Commissioner of Internal Revenue; Assistant Commissioners; Taxpayer Advocate."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 5002. EXPANSION OF AUTHORITY TO ISSUE TAXPAYER ASSISTANCE ORDERS.

(a) TERMS OF ORDERS.—Subsection (b) of section 7811 (relating to terms of taxpayer assistance orders) is amended—

(1) by inserting "within a specified time period" after "the Secretary", and

(2) by striking "cease any action" and inserting "cease any action, take any action".

(b) LIMITATION ON AUTHORITY TO MODIFY OR RESCIND.—Section 7811(c) (relating to authority to modify or rescind) is amended to read as follows:

"(c) AUTHORITY TO MODIFY OR RESCIND.—Any Taxpayer Assistance Order issued by the Taxpayer Advocate under this section may be modified or rescinded only by the Tax-

payer Advocate, the Commissioner, or any superior of either."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Modifications to Installment Agreement Provisions

SEC. 5101. NOTIFICATION OF REASONS FOR TERMINATION OR DENIAL OF INSTALLMENT AGREEMENTS.

(a) TERMINATIONS.—Subsection (b) of section 6159 (relating to extent to which agreements remain in effect) is amended by adding at the end thereof the following new paragraph:

"(5) NOTICE REQUIREMENTS.—The Secretary may not take any action under paragraph (2), (3), or (4) unless—

"(A) a notice of such action is provided to the taxpayer not later than the day 30 days before the date of such action, and

"(B) such notice includes an explanation why the Secretary intends to take such action.

The preceding sentence shall not apply in any case in which the Secretary believes that collection of any tax to which an agreement under this section relates is in jeopardy."

(b) DENIALS.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by adding at the end thereof the following new subsection:

"(c) NOTICE REQUIREMENTS FOR DENIALS.—The Secretary may not deny any request for an installment agreement under this section unless—

"(1) a notice of the proposed denial is provided to the taxpayer not later than the day 30 days before the date of such denial, and

"(2) such notice includes an explanation why the Secretary intends to deny such request.

The preceding sentence shall not apply in any case in which the Secretary believes that collection of any tax to which a request for an agreement under this section relates is in jeopardy."

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 6159(b) is amended to read as follows:

"(3) SUBSEQUENT CHANGE IN FINANCIAL CONDITIONS.—If the Secretary makes a determination that the financial condition of a taxpayer with whom the Secretary has entered into an agreement under subsection (a) has significantly changed, the Secretary may alter, modify, or terminate such agreement."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date 6 months after the date of the enactment of this Act.

SEC. 5102. ADMINISTRATIVE REVIEW OF DENIAL OF REQUEST FOR, OR TERMINATION OF, INSTALLMENT AGREEMENT.

(a) GENERAL RULE.—Section 6159 (relating to agreements for payment of tax liability in installments), as amended by section 5101, is amended by adding at the end thereof the following new subsection:

"(d) ADMINISTRATIVE REVIEW.—The Secretary shall establish procedures for an independent administrative review of denials of requests for, or terminations of, installment agreements under this section."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 5103. RUNNING OF FAILURE TO PAY PENALTY SUSPENDED DURING PERIOD INSTALLMENT AGREEMENT IN EFFECT.

(a) GENERAL RULE.—Section 6651 (relating to penalty for failure to file tax return or to pay tax) is amended by adding at the end thereof the following new subsection:

"(g) TREATMENT OF INSTALLMENT AGREEMENTS UNDER SECTION 6159.—If an agreement is entered into under section 6159 for the payment of any tax in installments, the period during which such agreement is in effect shall be disregarded in determining the amount of any addition under paragraph (2) or (3) of subsection (a) with respect to such tax."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to installment agreements entered into after the date of the enactment of this Act.

Subtitle C—Interest

SEC. 5201. EXPANSION OF AUTHORITY TO ABATE INTEREST.

(a) GENERAL RULE.—Paragraph (1) of section 6404(e) (relating to abatement of interest in certain cases) is amended by striking "ministerial act" each place it appears and inserting "ministerial or managerial act".

(b) CLERICAL AMENDMENT.—The subsection heading for subsection (e) of section 6404 is amended by striking "Assessments" and inserting "Abatement".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest accruing with respect to deficiencies or payments for taxable years beginning after the date of the enactment of this Act.

SEC. 5202. EXTENSION OF INTEREST-FREE PERIOD FOR PAYMENT OF TAX AFTER NOTICE AND DEMAND.

(a) GENERAL RULE.—Paragraph (3) of section 6601(e) (relating to payments made within 10 days after notice and demand) is amended to read as follows:

"(3) PAYMENTS MADE WITHIN SPECIFIED PERIOD AFTER NOTICE AND DEMAND.—If notice and demand is made for payment of any amount and if such amount is paid within 21 days (10 days if the amount for which such notice and demand is made equals or exceeds $100,000) after the date of such notice and demand, interest under this section on the amount so paid shall not be imposed for the period after the date of such notice and demand."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of any notice and demand given after the date 6 months after the date of the enactment of this Act.

Subtitle D—Joint Returns

SEC. 5301. DISCLOSURE OF COLLECTION ACTIVITIES.

(a) GENERAL RULE.—Subsection (e) of section 6103 (relating to disclosure to persons having material interest) is amended by adding at the end thereof the following new paragraph:

"(8) DISCLOSURE OF COLLECTION ACTIVITIES WITH RESPECT TO JOINT RETURN.—If any deficiency of tax with respect to a joint return is assessed and the individuals filing such return are no longer married or no longer reside in the same household, upon request in writing of either of such individuals, the Secretary may disclose in writing to the individual making the request whether the Secretary has attempted to collect such deficiency from such other individual, the general nature of such collection activities, and the amount collected."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 5302. JOINT RETURN MAY BE MADE AFTER SEPARATE RETURNS WITHOUT FULL PAYMENT OF TAX.

(a) GENERAL RULE.—Paragraph (2) of section 6013(b) (relating to limitations on filing of joint return after filing separate returns) is amended by striking subparagraph (A) and redesignating the following subparagraphs accordingly.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

Subtitle E—Collection Activities

SEC. 5401. MODIFICATIONS TO LIEN AND LEVY PROVISIONS.

(a) WITHDRAWAL OF CERTAIN NOTICES.—Section 6323 (relating to validity and priority against certain persons) is amended by adding at the end thereof the following new subsection:

"(j) WITHDRAWAL OF NOTICE IN CERTAIN CIRCUMSTANCES.—

"(1) IN GENERAL.—The Secretary may withdraw a notice of a lien filed under this section and this chapter shall be applied as if the withdrawn notice had not been filed, if the Secretary determines that—

"(A) the filing of such notice was premature or otherwise not in accordance with administrative procedures of the Secretary,

"(B) the taxpayer has entered into an agreement under section 6159 to satisfy the tax liability for which the lien was imposed by means of installment payments, unless such agreement provides otherwise,

"(C) the withdrawal of such notice will facilitate the collection of the tax liability, or

"(D) with the consent of the taxpayer or the Taxpayer Advocate, the withdrawal of such notice would be in the best interests of the taxpayer and the United States.

Any such withdrawal shall be made by filing notice thereof at the same office as the withdrawn notice.

"(2) NOTICE TO CREDIT AGENCIES, ETC.—Upon written request by the taxpayer with respect to whom a notice of a lien was withdrawn under paragraph (1), the Secretary shall promptly make reasonable efforts to notify credit reporting agencies, and financial institutions specified in such request, of the withdrawal of such notice. Any such request shall be in such form as the Secretary may prescribe."

(b) RETURN OF LEVIED PROPERTY IN CERTAIN CASES.—Section 6343 (relating to authority to release levy and return property) is amended by adding at the end thereof the following new subsection:

"(d) RETURN OF PROPERTY IN CERTAIN CASES.—If—

"(1) any property has been levied upon, and

"(2) the Secretary determines that—

"(A) the levy on such property was premature or otherwise not in accordance with administrative procedures of the Secretary,

"(B) the taxpayer has entered into an agreement under section 6159 to satisfy the tax liability for which the levy was imposed by means of installment payments, unless such agreement provides otherwise,

"(C) the return of such property will facilitate the collection of the tax liability, or

"(D) with the consent of the taxpayer or the Taxpayer Advocate, the return of such property would be in the best interests of the taxpayer and the United States,

the provisions of subsection (b) shall apply in the same manner as if such property had been wrongly levied upon, except that no interest shall be allowed under subsection (c)."

(c) MODIFICATIONS IN CERTAIN LEVY EXEMPTION AMOUNTS.—

(1) FUEL, ETC.—Paragraph (2) of section 6334(a) (relating to fuel, provisions, furniture, and personal effects exempt from levy) is amended—

(A) by striking "If the taxpayer is the head of a family, so" and inserting "So", and

(B) by striking "$1,650 ($1,500 in the case of levies issued during 1989)" and inserting "$1,700".

(2) BOOKS, ETC.—Paragraph (3) of section 6334(a) (relating to books and tools of a trade, business, or profession exempt from levy) is amended by striking "$1,100 ($1,050 in the case of levies issued during 1989)" and inserting "$1,200".

(3) INDEXED FOR INFLATION.—Section 6334 (relating to property exempt from levy) is amended by adding at the end thereof the following new subsection:

"(f) INFLATION ADJUSTMENTS.—

"(1) IN GENERAL.—In the case of any calendar year beginning after 1993, each dollar amount referred to in paragraphs (2) and (3) of subsection (a) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, by substituting 'calendar year 1992' for 'calendar year 1989' in subparagraph (B) thereof.

"(2) ROUNDING.—If any dollar amount after being increased under paragraph (1) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10 (or, if such dollar amount is a multiple of $5, such dollar amount shall be increased to the next higher multiple of $10)."

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) EXEMPT AMOUNTS.—The amendments made by subsection (c) shall take effect with respect to levies issued after December 31, 1992.

SEC. 5402. OFFERS-IN-COMPROMISE.

(a) GENERAL RULE.—Subsection (a) of section 7122 (relating to compromises) is amended by adding at the end thereof the following new sentence: "The Secretary may make such a compromise in any case where the Secretary determines that such compromise would be in the best interests of the United States.".

(b) REVIEW REQUIREMENTS.—Subsection (b) of section 7122 (relating to records) is amended by striking "$500." and inserting "$50,000. However, such compromise shall be subject to continuing quality review by the Secretary.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 5403. NOTIFICATION OF EXAMINATION.

(a) IN GENERAL.—Section 7605 (relating to restrictions on examination of taxpayer) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) NOTIFICATION REQUIREMENT.—No examination described in subsection (a) shall be made unless the Secretary notifies the taxpayer in writing by mail to an address determined under section 6212(b) that the taxpayer is under examination and provides the taxpayer with an explanation of the process as described in section 7521(b)(1). The preceding sentence shall not apply in the case of any examination if the Secretary determines that—

"(1) such examination is in connection with a criminal investigation or is with respect to a tax the collection of which is in jeopardy, or

"(2) the application of the preceding sentence would be inconsistent with national security needs or would interfere with the effective conduct of a confidential law enforcement or foreign counterintelligence activity."

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 7521(b) (relating to safeguards) is amended by striking "or at".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 5404. INCREASE IN LIMIT ON RECOVERY OF CIVIL DAMAGES FOR UNAUTHORIZED COLLECTION ACTIONS.

(a) GENERAL RULE.—Subsection (b) of section 7433 (relating to damages) is amended by striking "$100,000" and inserting "$1,000,000".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to actions by officers or employees of the Internal Revenue Service after the date of the enactment of this Act.

SEC. 5405. SAFEGUARDS RELATING TO DESIGNATED SUMMONS.

(a) STANDARD OF REVIEW.—Subparagraph (A) of section 6503(k)(2) (defining designated summons) is amended by redesignating clauses (i) and (ii) as clauses (ii) and (iii), respectively, and by inserting before clause (ii) (as so redesignated) the following new clause:

"(i) the issuance of such summons is preceded by a review of such issuance by the regional counsel of the Office of Chief Counsel for the region in which the examination of the corporation is being conducted,".

(b) NOTICE REQUIREMENTS FOR ISSUANCE.—Section 6503(k) is amended by adding at the end thereof the following new paragraph:

"(4) NOTICE REQUIREMENTS.—With respect to any summons referred to in paragraph (1)(A) issued to any person other than the corporation, the Secretary shall promptly notify the corporation, in writing, that such summons has been issued with respect to such corporation's return of tax."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to summons issued after the date of the enactment of this Act.

Subtitle F—Information Returns

SEC. 5501. PHONE NUMBER OF PERSON PROVIDING PAYEE STATEMENTS REQUIRED TO BE SHOWN ON SUCH STATEMENT.

(a) GENERAL RULE.—The following provisions are each amended by striking "name and address" and inserting "name, address, and phone number of the information contact":

(1) Section 6041(d)(1).
(2) Section 6041A(e)(1).
(3) Section 6042(c)(1).
(4) Section 6044(e)(1).
(5) Section 6045(b)(1).
(6) Section 6049(c)(1)(A).
(7) Section 6050B(b)(1).
(8) Section 6050H(d)(1).
(9) Section 6050I(e)(1).
(10) Section 6050J(e).
(11) Section 6050K(b)(1).
(12) Section 6050N(b)(1).

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to statements required to be furnished after December 31, 1992 (determined without regard to any extension).

SEC. 5502. CIVIL DAMAGES FOR FRAUDULENT FILING OF INFORMATION RETURNS.

(a) GENERAL RULE.—Subchapter B of chapter 76 (relating to proceedings by taxpayers and third parties) is amended by redesignating section 7434 as section 7435 and by inserting after section 7433 the following new section:

"SEC. 7434. CIVIL DAMAGES FOR FRAUDULENT FILING OF INFORMATION RETURNS.

"(a) IN GENERAL.—If any person willfully files a false or fraudulent information return with respect to payments purported to be made to any other person, such other person may bring a civil action for damages against the person so filing such return.

"(b) DAMAGES.—In any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the greater of $5,000 or the sum of—

"(1) any actual damages sustained by the plaintiff as a proximate result of the filing of the false or fraudulent information return (including any costs attributable to resolving deficiencies asserted as a result of such filing), and

"(2) the costs of the action.

"(c) PERIOD FOR BRINGING ACTION.—Notwithstanding any other provision of law, an action to enforce the liability created under this section may be brought without regard to the amount in controversy and may be brought only within 6 years after the filing of the false or fraudulent information return.

"(d) INFORMATION RETURN.—For purposes of this section, the term 'information return' means any statement described in section 6724(d)(1)(A)."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 76 is amended by striking the item relating to section 7434 and inserting the following:

"Sec. 7434. Civil damages for fraudulent filing of information returns.
"Sec. 7435. Cross references."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to false or fraudulent information returns filed after the date of the enactment of this Act.

SEC. 5503. REQUIREMENT TO VERIFY ACCURACY OF INFORMATION RETURNS.

(a) GENERAL RULE.—Section 6201 (relating to assessment authority) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) REQUIRED REASONABLE VERIFICATION OF INFORMATION RETURNS.—In any court proceeding, if a taxpayer asserts a reasonable dispute with respect to any item of income reported on an information return filed with the Secretary under chapter 61 by a third party and the taxpayer has fully cooperated with the Secretary, the Secretary, in presenting evidence of the deficiency based on such information return, shall present reasonable evidence of such deficiency in addition to such information return."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

Subtitle G—Modifications to Penalty for Failure to Collect and Pay Over Tax

SEC. 5601. PRELIMINARY NOTICE REQUIREMENT.

(a) IN GENERAL.—Section 6672 (relating to failure to collect and pay over tax, or attempt to evade or defeat tax) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) PRELIMINARY NOTICE REQUIREMENT.—

"(1) IN GENERAL.—No penalty shall be imposed under subsection (a) unless the Secretary notifies the taxpayer in writing by mail to an address as determined under section 6212(b) that the taxpayer shall be subject to an assessment of such penalty.

"(2) TIMING OF NOTICE.—The mailing of the notice described in paragraph (1) shall pre-

cede any notice and demand of any penalty under subsection (a) by at least 60 days.

"(3) STATUTE OF LIMITATIONS.—If a notice described in paragraph (1) with respect to any penalty is mailed before the expiration of the period provided by section 6501 for the assessment of such penalty (determined without regard to this paragraph), the period provided by such section for the assessment of such penalty shall not expire before the date 60 days after the date on which such notice was mailed.

"(4) EXCEPTION FOR JEOPARDY.—This subsection shall not apply if the Secretary finds that the collection of the penalty is in jeopardy."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of failures after the date of the enactment of this Act.

SEC. 5602. NO PENALTY IF PROMPT NOTIFICATION OF THE SECRETARY.

(a) IN GENERAL.—Section 6672 (relating to failure to collect and pay over tax, or attempt to evade or defeat tax) is amended by adding at the end thereof the following new subsection:

"(d) PENALTY NOT APPLICABLE WHERE PROMPT NOTIFICATION OF FAILURE.—

"(1) IN GENERAL.—A person shall not be liable for any penalty under subsection (a) by reason of any failure referred to in subsection (a) if—

"(A) such person is not a significant owner, or highly compensated employee, of the trade or business with respect to which such failure occurred,

"(B) such person notifies the Secretary (in such manner as he may prescribe) that such failure has occurred within 10 days after the date of such failure, and

"(C) such notification was before any notice by the Secretary to any person with respect to such failure.

"(2) DEFINITIONS.—For purposes of paragraph (1)—

"(A) SIGNIFICANT OWNER.—The term 'significant owner' means—

"(i) any person holding an interest as a proprietor in a trade or business carried on as a proprietorship, and

"(ii) in the case of a trade or business conducted by a corporation or partnership, any person who is a 5-percent owner (as defined in section 416(i)(1)) in such corporation or partnership, as the case may be.

"(B) HIGHLY COMPENSATED EMPLOYEE.—The term 'highly compensated employee' means any employee who receives compensation from the employer at an annual rate in excess of $75,000."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of failures after the date of the enactment of this Act.

SEC. 5603. DISCLOSURE OF CERTAIN INFORMATION WHERE MORE THAN 1 PERSON SUBJECT TO PENALTY.

(a) IN GENERAL.—Subsection (e) of section 6103 (relating to disclosure to persons having material interest), as amended by section 5301, is amended by adding at the end thereof the following new paragraph:

"(9) DISCLOSURE OF CERTAIN INFORMATION WHERE MORE THAN 1 PERSON SUBJECT TO PENALTY UNDER SECTION 6672.—If the Secretary determines that a person is liable for a penalty under section 6672(a) with respect to any failure, upon request in writing of such person, the Secretary shall disclose in writing to such person—

"(A) the name of any other person whom the Secretary has determined to be liable for such penalty with respect to such failure, and

"(B) whether the Secretary has attempted to collect such penalty from such other person, the general nature of such collection activities, and the amount collected."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 5604. PENALTIES UNDER SECTION 6672.

(a) PUBLIC INFORMATION REQUIREMENTS.—The Secretary of the Treasury or the Secretary's delegate (hereafter in this section referred to as the "Secretary") shall take such actions as may be appropriate to ensure that employees are aware of their responsibilities under the Federal tax depository system, the circumstances under which employees may be liable for the penalty imposed by section 6672 of the Internal Revenue Code of 1986, and the responsibility to promptly report to the Internal Revenue Service any failure referred to in subsection (a) of such section 6672. Such actions shall include—

(1) printing of a warning on deposit coupon booklets and the appropriate tax returns that certain employees may be liable for the penalty imposed by such section 6672, and

(2) the development of a special information packet.

(b) BOARD MEMBERS OF TAX-EXEMPT ORGANIZATIONS.—

(1) VOLUNTARY BOARD MEMBERS.—The penalty under section 6672 of the Internal Revenue Code of 1986 shall not be imposed on unpaid, volunteer members of any board of trustees or directors of an organization referred to in section 501 of such Code to the extent such members are solely serving in an honorary capacity and do not participate in the day-to-day or financial operations of the organization.

(2) DEVELOPMENT OF EXPLANATORY MATERIALS.—The Secretary shall develop materials explaining the circumstances under which board members of tax-exempt organizations (including voluntary and honorary members) may be subject to penalty under section 6672 of such Code. Such materials shall be made available to tax-exempt organizations.

(3) IRS INSTRUCTIONS.—The Secretary shall clarify the instructions to Internal Revenue Service employees on the application of the penalty under section 6672 of such Code with regard to voluntary members of boards of trustees or directors of tax-exempt organizations.

(c) PROMPT NOTIFICATION.—To the maximum extent practicable, the Secretary shall notify all persons who have failed to make timely and complete deposit of any taxes of such failure within 30 days after the date on which the Secretary is first aware of such failure.

Subtitle H—Awarding of Costs and Certain Fees

SEC. 5701. MOTION FOR DISCLOSURE OF INFORMATION.

Paragraph (4) of section 7430(c) (defining prevailing party) is amended by adding at the end thereof the following new subparagraph:

"(C) MOTION FOR DISCLOSURE OF INFORMATION.—Once a taxpayer substantially prevails as described in subparagraph (A)(ii), the taxpayer may file a motion for an order requiring the disclosure (within a specified period) of all information and copies of relevant records in the possession of the Internal Revenue Service with respect to such taxpayer's case and the substantial justification for the position taken by the Internal Revenue Service."

SEC. 5702. INCREASED LIMIT ON ATTORNEY FEES.

Paragraph (1) of section 7430(c) (defining reasonable litigation costs) is amended—

(1) by striking "$75" in clause (iii) of subparagraph (B) and inserting "$110",

(2) by striking "an increase in the cost of living or" in clause (iii) of subparagraph (B), and

(3) by adding after clause (iii) the following:

"In the case of any calendar year beginning after 1992, the dollar amount referred to in clause (iii) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, by substituting 'calendar year 1991' for 'calendar year 1989' in subparagraph (B) thereof. If any dollar amount after being increased under the preceding sentence is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10 (or, if such dollar amount is a multiple of $5, such dollar amount shall be increased to the next higher multiple of $10)."

SEC. 5703. FAILURE TO AGREE TO EXTENSION NOT TAKEN INTO ACCOUNT.

Paragraph (1) of section 7430(b) (relating to requirement that administrative remedies be exhausted) is amended by adding at the end thereof the following new sentence: "Any failure to agree to an extension of the time for the assessment of any tax shall not be taken into account for purposes of determining whether the prevailing party meets the requirements of the preceding sentence."

SEC. 5704. INTERNAL REVENUE SERVICE EMPLOYEES PERSONALLY LIABLE IN CERTAIN CASES.

Section 7430 is amended by adding at the end thereof the following new subsection:

"(g) PERSONAL LIABILITY OF INTERNAL REVENUE SERVICE EMPLOYEES IN CERTAIN CASES.—

"(1) IN GENERAL.—In any proceeding in which the prevailing party is awarded a judgment for reasonable litigation costs under this section, the court may assess a portion of such costs against any Internal Revenue Service employee (and such employee shall not be reimbursed by the United States for the costs so assessed) if the court determines that such proceeding resulted from any arbitrary, capricious, or malicious act of such employee.

"(2) REPRESENTATION OF EMPLOYEE.—Upon the request of any Internal Revenue Service employee, such employee may be represented by the United States in any proceeding with respect to the issue of whether there is to be an assessment against such employee under paragraph (1). If, in any case in which such an employee is so represented by the United States, it is finally determined that such employee is liable for an assessment under paragraph (1), such employee shall also be liable to repay the United States for the costs of its representation under this paragraph."

SEC. 5705. EFFECTIVE DATE.

The amendments made by this subtitle shall apply in the case of proceedings commenced after the date of the enactment of this Act.

Subtitle I—Other Provisions

SEC. 5801. REQUIRED CONTENT OF CERTAIN NOTICES.

(a) GENERAL RULE.—Subsection (a) of section 7522 (relating to content of tax due, deficiency, and other notices) is amended by striking "shall describe the basis for, and identify" and inserting "shall set forth the adjustments which are the basis for, and shall identify".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to notices sent after the date 6 months after the date of the enactment of this Act.

SEC. 5802. TREATMENT OF SUBSTITUTE RETURNS UNDER SECTION 6651.

(a) GENERAL RULE.—Section 6651 (relating to failure to file tax return or to pay tax) is amended by adding at the end thereof the following new subsection:

"(h) TREATMENT OF RETURNS PREPARED BY SECRETARY UNDER SECTION 6020(b).—In the case of any return made by the Secretary under section 6020(b)—

"(1) such return shall be disregarded for purposes of determining the amount of the addition under paragraph (1) of subsection (a), but

"(2) such return shall be treated as the return filed by the taxpayer for purposes of determining the amount of the addition under paragraphs (2) and (3) of subsection (a)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of any return the due date for which (determined without regard to extensions) is after the date of the enactment of this Act.

SEC. 5803. RELIEF FROM RETROACTIVE APPLICATION OF TREASURY DEPARTMENT REGULATIONS.

(a) IN GENERAL.—Subsection (b) of section 7805 (relating to rules and regulations) is amended to read as follows:

"(b) RETROACTIVITY OF REGULATIONS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, any temporary or proposed regulation issued by the Secretary shall apply prospectively from the date of publication of such regulation in the Federal Register.

"(2) PREVENTION OF ABUSE.—The Secretary may provide that any temporary or proposed regulation may apply retroactively to prevent abuse of the statute to which the regulation relates.

"(3) CORRECTION OF PROCEDURAL DEFECTS.—The Secretary may provide that any temporary or proposed regulation may apply retroactively to correct a procedural defect in the issuance of any prior regulation.

"(4) CONGRESSIONAL AUTHORIZATION.—The prospective only treatment of paragraph (1) may be superseded by a legislative grant from Congress authorizing the Secretary to prescribe the effective date with respect to a statutory provision.

"(5) ELECTION TO APPLY RETROACTIVELY.—The Secretary may provide for any taxpayer to elect to apply any temporary or proposed regulation retroactively from the date of publication of such regulation in the Federal Register.

"(6) APPLICATION TO FINAL REGULATIONS.—The Secretary may provide that any final regulation relating to any temporary or proposed regulation take effect from the date of publication of such temporary or proposed regulation in the Federal Register."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply with respect to—

(A) any temporary or proposed regulation published on or after February 20, 1992, and

(B) any temporary or proposed regulation published before February 20, 1992, and published as a final regulation after such date.

(2) REGULATIONS RELATING TO EXCHANGE RATES.—The amendment made by this section shall not apply to any regulation issued pursuant to paragraph (1)(C) or (4) of section 986(a), as added by section 4421.

SEC. 5804. REQUIRED NOTICE OF CERTAIN PAYMENTS.

If any payment is received by the Secretary of the Treasury or the Secretary's delegate (hereafter in the section referred to as the "Secretary") from any taxpayer and the Secretary cannot associate such payment with any outstanding tax liability of such taxpayer, the Secretary shall make reasonable efforts to notify the taxpayer of such inability within 60 days after the receipt of such payment.

SEC. 5805. UNAUTHORIZED ENTICEMENT OF INFORMATION DISCLOSURE.

(a) GENERAL RULE.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 7524. UNAUTHORIZED ENTICEMENT OF INFORMATION DISCLOSURE.

"If any officer or employee of the United States willfully defers or offers to defer, or willfully forgives or offers to forgive, the determination or collection of any tax due from an attorney, certified public accountant, or enrolled agent representing a taxpayer in exchange for information concerning such taxpayer, any information so obtained shall not be used in any manner for purposes of determining the liability of such taxpayer for any tax imposed by this title."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by adding at the end thereof the following new item:

"Sec. 7524. Unauthorized enticement of information disclosure."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions after the date of the enactment of this Act.

Subtitle J—Form Modifications; Studies

SEC. 5900. DEFINITIONS.

For purposes of this subtitle:

(1) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(2) 1986 CODE.—The term "1986 Code" means the Internal Revenue Code of 1986.

(3) TAX-WRITING COMMITTEES.—The term "tax-writing Committees" means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

PART I—FORM MODIFICATIONS

SEC. 5901. EXPLANATION OF CERTAIN PROVISIONS.

(a) GENERAL RULE.—The Secretary shall take such actions as may be appropriate to ensure that taxpayers are aware of the provisions of the 1986 Code permitting payment of tax in installments, extensions of time for payment of tax, and compromises of tax liability. Such actions shall include revising the instructions for filing income tax returns so that such instructions include an explanation of—

(1) the procedures for requesting the benefits of such provisions, and

(2) the terms and conditions under which the benefits of such provisions are available.

(b) COLLECTION NOTICES.—In any notice of an underpayment of tax or proposed underpayment of tax sent by the Secretary to any taxpayer, the Secretary shall include a notification of the availability of the provisions of sections 6159, 6161, and 7122 of the 1986 Code.

SEC. 5902. IMPROVED PROCEDURES FOR NOTIFYING SERVICE OF CHANGE OF ADDRESS OR NAME.

The Secretary shall provide improved procedures for taxpayers to notify the Secretary of changes in names and addresses. Not later than December 31, 1992, the Secretary shall institute procedures for timely updating all Internal Revenue Service records with change-of-address information provided to the Secretary by taxpayers.

SEC. 5903. RIGHTS AND RESPONSIBILITIES OF DIVORCED INDIVIDUALS.

The Secretary shall include in the Internal Revenue Service publication entitled "Your Rights As A Taxpayer" a section on the rights and responsibilities of divorced individuals.

PART II—STUDIES

SEC. 5911. PILOT PROGRAM FOR APPEAL OF ENFORCEMENT ACTIONS.

(a) GENERAL RULE.—The Secretary shall establish a 1-year pilot program for appeals of enforcement actions (including lien, levy, and seizure actions) to the Appeals Division of the Internal Revenue Service—

(1) where the deficiency was assessed without actual knowledge of the taxpayer,

(2) where the deficiency was assessed without an opportunity for administrative appeal, and

(3) in other appropriate circumstances.

(b) REPORT.—Not later than December 31, 1992, the Secretary shall submit to the tax-writing Committees a report on the pilot program established under subsection (a), together with such recommendations as he may deem advisable.

SEC. 5912. STUDY ON TAXPAYERS WITH SPECIAL NEEDS.

(a) GENERAL RULE.—The Secretary shall conduct a study on ways to assist the elderly, physically impaired, foreign-language speaking, and other taxpayers with special needs to comply with the internal revenue laws.

(b) REPORT.—Not later than December 31, 1992, the Secretary shall submit to the tax-writing Committees a report on the study conducted under subsection (a), together with such recommendations as he may deem advisable.

SEC. 5913. REPORTS ON TAXPAYER-RIGHTS EDUCATION PROGRAM.

Not later than August 1, 1992, the Secretary shall submit a report to the tax-writing Committees on the scope and content of the Internal Revenue Service's taxpayer-rights education program for its officers and employees. Not later than December 31, 1992, the Secretary shall submit a report to the tax-writing Committees on the effectiveness of the program referred to in the preceding sentence.

SEC. 5914. BIENNIAL REPORTS ON MISCONDUCT BY INTERNAL REVENUE SERVICE EMPLOYEES.

During December of 1992 and during December of each second calendar year thereafter, the Secretary shall report to the tax-writing Committees on all cases involving complaints about misconduct of Internal Revenue Service employees and the disposition of such complaints.

SEC. 5915. STUDY OF NOTICES OF DEFICIENCY.

(a) GENERAL RULE.—The Comptroller General shall conduct a study on—

(1) the effectiveness of current Internal Revenue Service efforts to notify taxpayers with regard to tax deficiencies under section 6212 of the 1986 Code,

(2) the number of registered or certified letters and other notices returned to the Internal Revenue Service as undeliverable,

(3) any follow-up action taken by the Internal Revenue Service to locate taxpayers who did not receive actual notice,

(4) the effect that failures to receive notice of such deficiencies have on taxpayers, and

(5) recommendations to improve Internal Revenue Service notification of taxpayers.

(b) REPORT.—Not later than December 31, 1992, the Comptroller General shall submit to the tax-writing Committees a report on the study conducted under subsection (a), together with such recommendations as he may deem advisable.

SEC. 5916. NOTICE AND FORM ACCURACY STUDY.

(a) GENERAL RULE.—The Comptroller General shall conduct annual studies of the accuracy of 25 of the most commonly used Internal Revenue Service forms, notices, and publications. In conducting any such study, the Comptroller General shall examine the suitability and usefulness of Internal Revenue Service telephone numbers on Internal Revenue Service notices and shall solicit and consider the comments of organizations representing taxpayers, employers, and tax professionals.

(b) REPORTS.—The Comptroller General shall submit to the tax-writing Committees a report on each study conducted under subsection (a), together with such recommendations as he may deem advisable. The first such report shall be submitted not later than December 31, 1992.

SEC. 5917. INTERNAL REVENUE SERVICE EMPLOYEES' SUGGESTIONS STUDY.

(a) GENERAL RULE.—The Comptroller General shall conduct a study of the Internal Revenue Service employee-suggestion programs. Such study shall include a review of the suggestions which were accepted and rewarded by the Internal Revenue Service, an analysis as to how many of the suggestions were implemented, and an analysis of why other suggestions were not implemented.

(b) REPORT.—Not later than December 31, 1992, the Comptroller General shall submit to the tax-writing Committees a report on the study conducted under subsection (a), together with such recommendations as he may deem advisable.

TITLE VI—TECHNICAL CORRECTIONS

SEC. 6100. COORDINATION WITH OTHER TITLES.

For purposes of applying the amendments made by any title of this Act other than this title, the provisions of this title shall be treated as having been enacted immediately before the provisions of such other titles.

Subtitle A—Revenue Provisions

SEC. 6101. AMENDMENTS RELATED TO REVENUE RECONCILIATION ACT OF 1990.

(a) AMENDMENTS RELATED TO SUBTITLE A.—

(1) Subparagraph (B) of section 59(j)(3) is amended by striking "section 1(i)(3)(B)" and inserting "section 1(g)(3)(B)".

(2) Paragraph (2) of section 897(a) is amended by striking "21" in the heading of such paragraph and in subparagraph (A) and inserting "24".

(3) Clause (ii) of section 32(b)(1)(B) is amended by inserting a comma after "greater".

(4) Section 541 is amended by striking "28 percent" and inserting "31 percent".

(5) Subsection (c) of section 32 is amended by adding at the end thereof the following new paragraph:

"(4) TREATMENT OF DEDUCTION FOR MEDICAL INSURANCE OF SELF-EMPLOYED.—In determining the amount of adjusted gross income for purposes of this section, the amount of the deduction under section 162(l) shall be determined without regard to section 162(l)(3)(B)."

(6) Clause (i) of section 151(d)(3)(C) is amended by striking "joint of a return" and inserting "joint return".

(7) Subparagraph (B) of section 402(e)(1) is amended by striking the last sentence thereof.

(8) Subsection (b) of section 1 is amended by striking "$26,500" in the table contained therein and inserting "$26,050".

(b) AMENDMENTS RELATED TO SUBTITLE B.—

(1) Paragraph (1) of section 11212(e) of the Revenue Reconciliation Act of 1990 is amended by striking "Paragraph (1) of section 6724(d)" and inserting "Subparagraph (B) of section 6724(d)(1)".

(2) Subsection (b) of section 4082 is amended to read as follows:

"(b) TAX ON CERTAIN USES.—If any person uses gasoline (other than in the production of gasoline or special fuels referred to in section 4041), such use shall for purposes of this chapter be considered a removal."

(3)(A) Subparagraph (B) of section 4093(c)(2) is amended by inserting before the period "unless such fuel is sold for exclusive use by a State or any political subdivision thereof".

(B) Paragraph (4) of section 6427(l) is amended by inserting before the period "unless such fuel was used by a State or any political subdivision thereof".

(4) Paragraph (1) of section 6416(b) is amended by striking "chapter 32 or by section 4051" and inserting "chapter 31 or 32".

(5) Paragraph (1) of section 9502(e) is amended to read as follows:

"(1) INCREASES IN TAX REVENUES BEFORE 1993 TO REMAIN IN GENERAL FUND.—In the case of taxes imposed before January 1, 1993, the amounts required to be appropriated under paragraphs (1), (2), and (3) of subsection (b) shall be determined without regard to any increase in a rate of tax enacted by the Revenue Reconciliation Act of 1990."

(6) Section 7012 is amended—

(A) by striking "production or importation of gasoline" in paragraph (3) and inserting "taxes on gasoline and diesel fuel", and

(B) by striking paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(7) Subsection (c) of section 5041 is amended by striking paragraph (6) and by inserting the following new paragraphs:

"(6) CREDIT FOR TRANSFEREE IN BOND.—If—

"(A) wine produced by any person would be eligible for any credit under paragraph (1) if removed by such person during the calendar year,

"(B) wine produced by such person is removed during such calendar year by any other person (hereafter in this paragraph referred to as the 'transferee') to whom such wine was transferred in bond and who is liable for the tax imposed by this section with respect to such wine, and

"(C) such producer holds title to such wine at the time of its removal and provides to the transferee such information as is necessary to properly determine the transferee's credit under this paragraph,

then, the transferee (and not the producer) shall be allowed the credit under paragraph (1) which would be allowed to the producer if the wine removed by the transferee had been removed by the producer on that date.

"(7) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations—

"(A) to prevent the credit provided in this subsection from benefiting any person who produces more than 250,000 wine gallons during a calendar year, and

"(B) to assure proper reduction of such credit for persons producing more than 150,000 wine gallons of wine during a calendar year."

(8) Paragraph (3) of section 5061(b) is amended to read as follows:

"(3) section 5041(f),".

(9) Section 5354 is amended by inserting "(taking into account the appropriate amount of credit with respect to such wine under section 5041(c))" after "any one time".

(10) Effective on the date of the enactment of this Act, paragraph (7) of section 11202(i) of the Revenue Reconciliation Act of 1991 is amended by adding at the end thereof the following: "The Secretary may treat any person who bore the ultimate burden of the tax imposed by this subsection as the person to whom a credit or refund under such provisions may be allowed or made."

(c) AMENDMENTS RELATED TO SUBTITLE C.—

(1) Paragraph (4) of section 56(g) is amended by redesignating subparagraph (I) as subparagraph (H).

(2) Subparagraph (B) of section 6724(d)(1) is amended—

(A) by striking "or" at the end of clause (xi),

(B) by striking the period at the end of the clause added by section 11212(e) of the Revenue Reconciliation Act of 1990 and inserting ", or", and

(C) by redesignating the clause added by section 11323(c)(2) of such Act as clause (xiii).

(3) Subsection (g) of section 6302 is amended by inserting ", 22," after "chapters 21".

(4) The earnings and profits of any insurance company to which section 11305(c)(3) of the Revenue Reconciliation Act of 1990 applies shall be determined without regard to any deduction allowed under such section; except that, for purposes of applying sections 56, 902, 952(c)(1), and 960 of the Internal Revenue Code of 1986, such deduction shall be taken into account.

(5) Subparagraph (D) of section 6038A(e)(4) is amended—

(A) by striking "any transaction to which the summons relates" and inserting "any affected taxable year", and

(B) by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'affected taxable year' means any taxable year if the determination of the amount of tax imposed for such taxable year is affected by the treatment of the transaction to which the summons relates."

(6) Subparagraph (A) of section 6621(c)(2) is amended by adding at the end thereof the following new sentence: "The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary."

(7) Clause (i) of section 6621(c)(2)(B) is amended by striking "this subtitle" and inserting "this title".

(d) AMENDMENTS RELATED TO SUBTITLE D.—

(1) Paragraph (9) of section 132(h) is amended by striking "or the last sentence of subsection (c)(1) thereof".

(2) Notwithstanding section 11402(c) of the Revenue Reconciliation Act of 1990, the amendment made by section 11402(b)(1) of such Act shall apply to taxable years ending after December 31, 1989.

(3) Clause (ii) of section 143(m)(4)(C) is amended—

(A) by striking "any month of the 10-year period" and inserting "any year of the 4-year period",

(B) by striking "succeeding months" and inserting "succeeding years", and

(C) by striking "over the remainder of such period (or, if lesser, 5 years)" and inserting "to zero over the succeeding 5 years".

(e) AMENDMENTS RELATED TO SUBTITLE E.—

(1) Subsection (d) of section 39 is amended—

(A) by redesignating the paragraph added by section 11511(b)(2) of the Revenue Reconciliation Act of 1990 as paragraph (1), and

(B) by redesignating the paragraph added by section 11611(b)(2) of such Act as paragraph (2).

(2)(A) Subsection (h) of section 56 is amended—

(i) by striking "subsection (g)(4)(G)" in paragraph (5) and inserting "subsection (g)(4)(F)", and

(ii) by striking "section 613(e)(3)" in paragraph (7)(B) and inserting "section 613(e)(2)".

(B) Clause (ii) of section 56(d)(1)(B) is amended to read as follows:

"(ii) appropriate adjustments in the application of section 172(b)(2) shall be made to take into account the limitation of subparagraph (A).".

(C)(i) Subparagraph (B) of section 56(g)(1) is amended by striking "and the alternative tax net operating loss deduction" and inserting ", the alternative tax net operating loss deduction, and the deduction under subsection (h)".

(ii) Subparagraph (B) of section 56(g)(3) is amended by striking "and the alternative tax net operating loss deduction" and inserting ", the alternative tax net operating loss deduction, and the deduction under subsection (h)".

(3) Clause (i) of section 613A(c)(3)(A) is amended by striking "the table contained in".

(4) Section 6501 is amended—

(A) by striking subsection (m) (relating to deficiency attributable to election under section 44B) and by redesignating subsections (n) and (o) as subsections (m) and (n), respectively, and

(B) by striking "section 40(f) or 51(j)" in subsection (m) (as redesignated by subparagraph (A)) and inserting "section 40(f), 43, or 51(j)".

(5) Paragraph (2) of section 55(c) is amended by striking "29(b)(5)" and inserting "29(b)(6)".

(6) Subparagraph (C) of section 38(c)(2) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) is amended by inserting before the period at the end of the first sentence the following: "and without regard to the deduction under section 56(h)".

(7) Clauses (iii) and (iv) of section 53(d)(1)(B) are each amended by striking "section 29(b)(5)(B)" and inserting "section 29(b)(6)(B)".

(8) Subparagraph (B) of section 56(h)(4) is amended by striking "For purposes of subparagraph (A), the" and inserting "The".

(f) AMENDMENTS RELATED TO SUBTITLE F.—

(1)(A) Section 2701(a)(3) is amended by adding at the end thereof the following new subparagraph:

"(C) VALUATION OF QUALIFIED PAYMENTS WHERE NO LIQUIDATION, ETC. RIGHTS.—In the case of an applicable retained interest which is described in subparagraph (B)(i) but not subparagraph (B)(ii), the value of the distribution right shall be determined without regard to this section."

(B) Section 2701(a)(3)(B) is amended by inserting "CERTAIN" before "QUALIFIED" in the heading thereof.

(C) Sections 2701 (d)(1) and (d)(4) are each amended by striking "subsection (a)(3)(B)" and inserting "subsection (a)(3) (B) or (C)".

(2) Clause (i) of section 2701(a)(4)(B) is amended by inserting "(or, to the extent provided in regulations, the rights as to either income or capital)" after "income and capital".

(3)(A) Section 2701(b)(2) is amended by adding at the end thereof the following new subparagraph:

"(C) APPLICABLE FAMILY MEMBER.—For purposes of this subsection, the term 'applicable family member' includes any lineal descendant of any parent of the transferor or the transferor's spouse."

(B) Section 2701(e)(3) is amended—

(i) by striking subparagraph (B), and

(ii) by striking so much of paragraph (3) as precedes "shall be treated as holding" and inserting:

"(3) ATTRIBUTION OF INDIRECT HOLDINGS AND TRANSFERS.—An individual".

(C) Section 2704(c)(3) is amended by striking "section 2701(e)(3)(A)" and inserting "section 2701(e)(3)".

(4) Clause (i) of section 2701(c)(1)(B) is amended to read as follows:

"(i) a right to distributions with respect to any interest which is junior to the rights of the transferred interest,".

(5)(A) Clause (i) of section 2701(c)(3)(C) is amended to read as follows:

"(i) IN GENERAL.—Payments under any interest held by a transferor which (without regard to this subparagraph) are qualified payments shall be treated as qualified payments unless the transferor elects not to treat such payments as qualified payments. Payments described in the preceding sentence which are held by an applicable family member shall be treated as qualified payments only if such member elects to treat such payments as qualified payments."

(B) The first sentence of section 2701(c)(3)(C)(ii) is amended to read as follows: "A transferor or applicable family member holding any distribution right which (without regard to this subparagraph) is not a qualified payment may elect to treat such right as a qualified payment, to be paid in the amounts and at the times specified in such election."

(C) The time for making an election under the second sentence of section 2701(c)(3)(C)(i) of the Internal Revenue Code of 1986 (as amended by subparagraph (A)) shall not expire before the due date (including extensions) for filing the transferor's return of the tax imposed by section 2501 of such Code for calendar year 1991.

(6) Section 2701(d)(3)(A)(iii) is amended by striking "the period ending on the date of".

(7) Subclause (I) of section 2701(d)(3)(B)(ii) is amended by inserting "or the exclusion under section 2503(b)," after "section 2523,".

(8) Section 2701(e)(5) is amended—

(A) by striking "such contribution to capital or such redemption, recapitalization, or other change" in subparagraph (A) and inserting "such transaction", and

(B) by striking "the transfer" in subparagraph (B) and inserting "such transaction".

(9) Section 2701(d)(4) is amended by adding at the end thereof the following new subparagraph:

"(C) TRANSFER TO TRANSFERORS.—In the case of a taxable event described in paragraph (3)(A)(ii) involving a transfer of an applicable retained interest from an applicable family member to a transferor, this subsection shall continue to apply to the transferor during any period the transferor holds such interest."

(10) Section 2701(e)(6) is amended by inserting "or to reflect the application of subsection (d)" before the period at the end thereof.

(11)(A) Section 2702(a)(3)(A) is amended—

(i) by striking "to the extent" and inserting "if" in clause (i),

(ii) by striking "or" at the end of clause (i),

(iii) by striking the period at the end of clause (ii) and inserting ", or", and

(iv) by adding at the end thereof the following new clause:

"(iii) to the extent that regulations provide that such transfer is not inconsistent with the purposes of this section."

(B)(i) Section 2702(a)(3) is amended by striking "incomplete transfer" each place it appears and inserting "incomplete gift".

(ii) The heading for section 2702(a)(3)(B) is amended by striking "INCOMPLETE TRANSFER" and inserting "INCOMPLETE GIFT".

(12) Section 2703(b)(2) is amended by striking "members of the decedent's family" and inserting "natural objects of the bounty of the transferor".

(g) AMENDMENTS RELATED TO SUBTITLE G.—

(1)(A) Subsection (a) of section 1248 is amended—

(i) by striking ", or if a United States person receives a distribution from a foreign corporation which, under section 302 or 331, is treated as an exchange of stock" in paragraph (1), and

(ii) by adding at the end thereof the following new sentence: "For purposes of this section, a United States person shall be treated as having sold or exchanged any stock if, under any provision of this subtitle, such person is treated as realizing gain from the sale or exchange of such stock."

(B) Paragraph (1) of section 1248(e) is amended by striking "or receives a distribution from a domestic corporation which, under section 302 or 331, is treated as an exchange of stock".

(C) Subparagraph (B) of section 1248(f)(1) is amended by striking "or 361(c)(1)" and inserting "355(c)(1), or 361(c)(1)".

(D) Paragraph (1) of section 1248(i) is amended to read as follows:

"(1) IN GENERAL.—If any shareholder of a 10-percent corporate shareholder of a foreign corporation exchanges stock of the 10-percent corporate shareholder for stock of the foreign corporation, such 10-percent corporate shareholder shall recognize gain in the same manner as if the stock of the foreign corporation received in such exchange had been—

"(A) issued to the 10-percent corporate shareholder, and

"(B) then distributed by the 10-percent corporate shareholder to such shareholder in redemption or liquidation (whichever is appropriate).

The amount of gain recognized by such 10-percent corporate shareholder under the preceding sentence shall not exceed the amount treated as a dividend under this section."

(2) Section 897 is amended by striking subsection (f).

(3) Paragraph (13) of section 4975(d) is amended by striking "section 408(b)" and inserting "section 408(b)(12)".

(4) Clause (iii) of section 56(g)(4)(D) is amended by inserting ", but only with respect to taxable years beginning after December 31, 1989" before the period at the end thereof.

(5)(A) Paragraph (11) of section 11701(a) of the Revenue Reconciliation Act of 1990 (and the amendment made by such paragraph) are hereby repealed, and section 7108(r)(2) of the Revenue Reconciliation Act of 1989 shall be applied as if such paragraph (and amendment) had never been enacted.

(B) Subparagraph (A) shall not apply to any building if the owner of such building establishes to the satisfaction of the Secretary of the Treasury or his delegate that such owner reasonably relied on the amendment made by such paragraph (11).

(h) AMENDMENTS RELATED TO SUBTITLE H.—

(1)(A) Clause (vi) of section 168(e)(3)(B) is amended by striking "or" at the end of subclause (I), by striking the period at the end of subclause (II) and inserting ", or", and by adding at the end thereof the following new subclause:

"(III) is described in section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)."

(B) Subparagraph (K) of section 168(g)(4) is amended by striking "section 48(a)(3)(A)(iii)" and inserting "section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)".

(2) Clause (ii) of section 172(b)(1)(E) is amended by striking "subsection (m)" and inserting "subsection (h)".

(3) Sections 805(a)(4)(E), 832(b)(5)(C)(ii)(II), and 832(b)(5)(D)(ii)(II) are each amended by striking "243(b)(5)" and inserting "243(b)(2)".

(4) Subparagraph (A) of section 243(b)(3) is amended by inserting "of" after "In the case".

(5) The subsection heading for subsection (a) of section 280F is amended by striking "INVESTMENT TAX CREDIT AND".

(6) Clause (i) of section 1504(c)(2)(B) is amended by inserting "section" before "243(b)(2)".

(7) Paragraph (3) of section 341(f) is amended by striking "351, 361, 371(a), or 374(a)" and inserting "351, or 361".

(8) Paragraph (2) of section 243(b) is amended to read as follows:

"(2) AFFILIATED GROUP.—For purposes of this subsection:

"(A) IN GENERAL.—The term 'affiliated group' has the meaning given such term by section 1504(b), except that for such purposes sections 1504(b)(2), 1504(b)(4), and 1504(c) shall not apply.

"(B) GROUP MUST BE CONSISTENT IN FOREIGN TAX TREATMENT.—The requirements of paragraph (1)(A) shall not be treated as being met with respect to any dividend received by a corporation if, for any taxable year which includes the day on which such dividend is received—

"(i) 1 or more members of the affiliated group referred to in paragraph (1)(A) choose to any extent to take the benefits of section 901, and

"(ii) 1 or more other members of such group claim to any extent a deduction for taxes otherwise creditable under section 901.".

(9) The amendment made by section 11813(b)(17) of the Revenue Reconciliation Act of 1990 shall be applied as if the material stricken by such amendment included the closing parenthesis after "section 48(a)(5)".

(10) Paragraph (1) of section 179(d) is amended—

(A) by striking "in a trade or business" and inserting "a trade or business", and

(B) by adding at the end thereof the following new sentence: "Such term shall not include any property described in section 50(b) and shall not include air conditioning or heating units and hoses".

(11) Subparagraph (E) of section 50(a)(2) is amended by striking "section 48(a)(5)(A)" and inserting "section 48(a)(5)".

(12) The amendment made by section 11801(c)(9)(G)(ii) of the Revenue Reconciliation Act of 1990 shall be applied as if it struck "Section 422A(c)(2)" and inserted "Section 422(c)(2)".

(13) Subparagraph (B) of section 424(c)(3) is amended by striking "a qualified stock option, an incentive stock option, an option granted under an employee stock purchase plan, or a restricted stock option" and inserting "an incentive stock option or an option granted under an employee stock purchase plan".

(14) Subsections (a)(45), (b)(14), and (c)(21) of section 11801 of the Revenue Reconciliation Act of 1990 are hereby repealed, and the Internal Revenue Code of 1986 shall be applied and administered as if such subsections (and the amendments made by such subsections) had not been enacted.

(15) Subparagraph (E) of section 1367(a)(2) is amended by striking "section 613A(c)(13)(B)" and inserting "section 613A(c)(11)(B)".

(16) Subparagraph (B) of section 460(e)(6) is amended by striking "section 167(k)" and inserting "section 168(e)(2)(A)(ii)".

(17) Subparagraph (C) of section 172(h)(4) is amended by striking "subsection (b)(1)(M)" and inserting "subsection (b)(1)(E)".

(18) Section 6503 is amended—

(A) by redesignating the subsection relating to extension in case of certain summonses as subsection (j), and

(B) by redesignating the subsection relating to cross references as subsection (k).

(19) Paragraph (4) of section 1250(e) is hereby repealed.

(i) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provision of the Revenue Reconciliation Act of 1990 to which such amendment relates.

SEC. 6102. MISCELLANEOUS PROVISIONS.

(a) APPLICATION OF AMENDMENTS MADE BY TITLE XII OF OMNIBUS BUDGET RECONCILIATION ACT OF 1990.—Except as otherwise expressly provided, whenever in title XII of the Omnibus Budget Reconciliation Act of 1990 an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(b) TREATMENT OF CERTAIN AMOUNTS UNDER HEDGE BOND RULES.—

(1) Clause (iii) of section 149(g)(3)(B) is amended to read as follows:

"(iii) AMOUNTS HELD PENDING REINVESTMENT OR REDEMPTION.—Amounts held for not more than 30 days pending reinvestment or bond redemption shall be treated as invested in bonds described in clause (i)."

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 7651 of the Omnibus Budget Reconciliation Act of 1989.

(c) TREATMENT OF CERTAIN DISTRIBUTIONS UNDER SECTION 1445.—

(1) IN GENERAL.—Paragraph (3) of section 1445(e) is amended by adding at the end thereof the following new sentence: "Rules similar to the rules of the preceding provisions of this paragraph shall apply in the case of any distribution to which section 301 applies and which is not made out of the earnings and profits of such a domestic corporation."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to distributions after the date of the enactment of this Act.

(d) TREATMENT OF CERTAIN CREDITS UNDER SECTION 469.—

(1) IN GENERAL.—Subparagraph (B) of section 469(c)(3) is amended by adding at the end thereof the following new sentence: "If the preceding sentence applies to the net income from any property for any taxable year, any credits allowable under subpart B (other than section 27(a)) or D of part IV of subchapter A for such taxable year which are attributable to such property shall be treated as credits not from a passive activity to the extent the amount of such credits does not exceed the regular tax liability of the taxpayer for the taxable year which is allocable to such net income."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(e) TREATMENT OF DISPOSITIONS UNDER PASSIVE LOSS RULES.—

(1) IN GENERAL.—Subparagraph (A) of section 469(g)(1) is amended to read as follows:

"(A) IN GENERAL.—If all gain or loss realized on such disposition is recognized, the excess of—

"(i) any loss from such activity for such taxable year (determined after the application of subsection (b)), over

"(ii) any net income or gain for such taxable year from all other passive activities (determined after the application of subsection (b)),

shall be treated as a loss which is not from a passive activity."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(f) MISCELLANEOUS AMENDMENTS TO FOREIGN PROVISIONS.—

(1) COORDINATION OF UNIFIED ESTATE TAX CREDIT WITH TREATIES.—Subparagraph (A) of section 2102(c)(3) is amended by adding at the end thereof the following new sentence: "For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.".

(2) TREATMENT OF CERTAIN INTEREST PAID TO RELATED PERSON.—

(A) IN GENERAL.—Subparagraph (B) of section 163(j)(1) is amended by inserting before the period at the end thereof the following: "(and clause (ii) of paragraph (2)(A) shall not apply for purposes of applying this subsection to the amount so treated)".

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply as if included in the amendments made by section 7210(a) of the Revenue Reconciliation Act of 1989.

(3) TREATMENT OF INTEREST ALLOCABLE TO EFFECTIVELY CONNECTED INCOME.—

(A) IN GENERAL.—

(i) Subparagraph (B) of section 884(f)(1) is amended by striking "to the extent" and all that follows down through "subparagraph (A)" and inserting "to the extent that the allocable interest exceeds the interest described in subparagraph (A)".

(ii) The second sentence of section 884(f)(1) is amended by striking "reasonably expected" and all that follows down through the period at the end thereof and inserting "reasonably expected to be allocable interest.".

(iii) Paragraph (2) of section 884(f) is amended to read as follows:

"(2) ALLOCABLE INTEREST.—For purposes of this subsection, the term 'allocable interest' means any interest which is allocable to income which is effectively connected (or treated as effectively connected) with the conduct of a trade or business in the United States."

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect as if included in the amendments made by section 1241(a) of the Tax Reform Act of 1986.

(4) CLARIFICATION OF SOURCE RULE.—

(A) IN GENERAL.—Paragraph (2) of section 865(b) is amended by striking "863(b)" and inserting "863".

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect as if included in the amendments made by section 1211 of the Tax Reform Act of 1986.

(5) REPEAL OF OBSOLETE PROVISIONS.—

(A) Paragraph (1) of section 6038(a) is amended by striking ", and" at the end of

subparagraph (E) and inserting a period, and by striking subparagraph (F).

(B) Subsection (b) of section 6038A is amended by adding "and" at the end of paragraph (2), by striking ", and" at the end of paragraph (3) and inserting a period, and by striking paragraph (4).

(g) TREATMENT OF ASSIGNMENT OF INTEREST IN CERTAIN BOND-FINANCED FACILITIES.—

(1) IN GENERAL.—Subparagraph (A) of section 1317(3) of the Tax Reform Act of 1986 is amended by adding at the end thereof the following new sentence: "A facility shall not fail to be treated as described in this subparagraph by reason of an assignment (or an agreement to an assignment) by the governmental unit on whose behalf the bonds are issued of any part of its interest in the property financed by such bonds to another governmental unit."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in such section 1317 on the date of the enactment of the Tax Reform Act of 1986.

(h) CLARIFICATION OF TREATMENT OF MEDICARE ENTITLEMENT UNDER COBRA PROVISIONS.—

(1) IN GENERAL.—

(A) Subclause (V) of section 4980B(f)(2)(B)(i) is amended to read as follows:

"(V) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in paragraph (3)(B) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this clause before the close of the 36-month period beginning on the date the covered employee became so entitled."

(B) Clause (v) of section 602(2)(A) of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

"(v) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 603(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled."

(C) Clause (iv) of section 2202(2)(A) of the Public Health Service Act is amended to read as follows:

"(iv) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 2203(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled."

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years beginning after December 31, 1989.

(i) TREATMENT OF CERTAIN REMIC INCLUSIONS.—

(1) IN GENERAL.—Subsection (a) of section 860E is amended by adding at the end thereof the following new paragraph:

"(6) SUBSECTION NOT APPLICABLE TO MINIMUM TAX.—This subsection shall not apply for purposes of computing alternative minimum taxable income."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 671 of the Tax Reform Act of 1986.

(j) TREATMENT OF CERTAIN CONTRIBUTIONS MADE PURSUANT TO VETERANS' REEMPLOYMENT RIGHTS.—

(1) IN GENERAL.—Section 414 is amended by adding at the end thereof the following new subsection:

"(u) SPECIAL RULES RELATING TO VETERANS' REEMPLOYMENT RIGHTS.—

"(1) TREATMENT OF CERTAIN REQUIRED CONTRIBUTIONS.—If any contribution is made by an employer under an individual account plan with respect to an employee and such contribution is required by reason of such employee's rights under chapter 43 of title 38, United States Code, resulting from qualified military service—

"(A) such contribution shall not be subject to any otherwise applicable limitation contained in section 402(g), 403(b), 408, 415, or 457, and

"(B) such plan shall not be treated as failing to meet any requirement of this part or section 457 by reason of the making of such contribution and such contribution shall not be taken into account in applying the limitations referred to in subparagraph (A) to other contributions.

For purposes of the preceding sentence, any additional elective deferral made under paragraph (2) shall be treated as an employer contribution required by reason of the employee's rights under such chapter 43.

"(2) REEMPLOYMENT RIGHTS WITH RESPECT TO ELECTIVE DEFERRALS.—

"(A) IN GENERAL.—If an employee is entitled to the benefits of chapter 43 of title 38, United States Code, with respect to any plan which provides for elective deferrals, such employer shall be treated as meeting the requirements of such chapter 43 with respect to such elective deferrals if such employer—

"(i) permits such employee to make additional elective deferrals under such plan (in the amount determined under subparagraph (B)) during the period which begins on the date of the reemployment and has the same length as the period of qualified military service which resulted in such rights, and

"(ii) makes a matching contribution in respect of any additional elective deferral made pursuant to clause (i) which would have been required had such deferral actually been made during the period of such qualified military service.

"(B) AMOUNT OF MAKEUP REQUIRED.—The amount determined under this subparagraph is the maximum amount of elective deferrals that the individual would have been permitted to make under the plan during his period of qualified military service if he had continued to be employed by the employer during such period and received compensation at the same rate as the individual received from the employer immediately before such qualified military service. Proper adjustment shall be made to the amount determined under the preceding sentence for any elective deferrals actually made during the period of such qualified military service.

"(C) ELECTIVE DEFERRAL.—For purposes of this paragraph, the term 'elective deferral' has the meaning given to such term by section 402(g)(3); except that such term shall include any deferral of compensation under an eligible deferred compensation plan (as defined in section 457(b)).

"(3) CERTAIN RETROACTIVE ADJUSTMENTS NOT REQUIRED.—Nothing in chapter 43 of title 38, United States Code, shall be construed as requiring—

"(A) any crediting of earnings to an employee with respect to any contribution before such contribution is actually made, or

"(B) any allocation with respect to the period of qualified military service of any of the following amounts—

"(i) any forfeiture,

"(ii) any employer contribution which was voluntary, and

"(iii) any employer contribution the total amount of which was determined without reference to the number of, or compensation of, plan participants before being allocated to the accounts of participants.

"(4) LOAN REPAYMENT SUSPENSIONS PERMITTED.—If any plan suspends the repayment of any loan made to an individual for the period while such individual is performing qualified military service, such suspension shall not be taken into account for purposes of section 72(p).

"(5) QUALIFIED MILITARY SERVICE.—For purposes of this subsection, the term 'qualified military service' means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any individual if such individual is entitled to reemployment rights under such chapter 43, with respect to such service.

"(6) INDIVIDUAL ACCOUNT PLAN.—For purposes of this subsection, the term 'individual account plan' means any defined contribution plan and any eligible deferred compensation plan (as defined in section 457(b))."

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply in cases where the employee is reemployed on or after August 1, 1990, but only if there is enacted a law passed by the 102d Congress which amends chapter 43 of title 38 of the United States Code to expressly provide pension rights for reemployed veterans.

(k) COMPUTATION OF ADJUSTMENT OF HEALTH INSURANCE TAX CONTRIBUTION BASE.—Paragraph (2) of section 3121(x) (relating to hospital insurance contribution base) is amended—

(1) in subparagraph (A), by striking "and",

(2) in subparagraph (B)—

(A) by striking "for any calendar year after 1991" and inserting "for calendar year 1992", and

(B) by striking the period at the end and inserting ", and", and

(3) by adding at the end the following new subparagraph:

"(C) for any calendar year after 1992, the applicable contribution base for calendar year 1992, adjusted in the same manner as is used in adjusting the contribution and benefit base under section 230(b) of the Social Security Act.".

(l) MISCELLANEOUS CLERICAL AMENDMENTS.—

(1) Subclause (II) of section 56(g)(4)(C)(ii) is amended by striking "of the subclause" and inserting "of subclause".

(2) Paragraph (2) of section 72(m) is amended by inserting "and" at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(3) Paragraph (2) of section 86(b) is amended by striking "adusted" and inserting "adjusted".

(4)(A) The heading for section 112 is amended by striking "**COMBAT PAY**" and inserting "**1COMBAT ZONE COMPENSATION**".

(B) The item relating to section 112 in the table of sections for part III of subchapter B of chapter 1 is amended by striking "combat pay" and inserting "combat zone compensation".

(C) Paragraph (1) of section 3401(a) is amended by striking "combat pay" and inserting "combat zone compensation".

(5) Clause (i) of section 172(h)(3)(B) is amended by striking the comma at the end thereof and inserting a period.

(6) Clause (ii) of section 543(a)(2)(B) is amended by striking "section 563(c)" and inserting "section 563(d)".

(7) Paragraph (1) of section 958(a) is amended by striking "sections 955(b)(1)(A) and (B), 955(c)(2)(A)(ii), and 960(a)(1)" and inserting "section 960(a)(1)".

(8) Subparagraph (B) of section 4092(b)(1) is amended by striking "or" at the end of clause (i).

(9) Subsection (g) of section 642 is amended by striking "under 2621(a)(2)" and inserting "under section 2621(a)(2)".

(10) Section 1463 is amended by striking "this subsection" and inserting "this section".

(11) Subsection (k) of section 3306 is amended by inserting a period at the end thereof.

(12) The item relating to section 4472 in the table of sections for subchapter B of chapter 36 is amended by striking "and special rules".

(13) Paragraph (2) of section 4978(b) is amended by striking the period at the end of subparagraph (A) and inserting a comma, and by striking the period and quotation marks at the end of subparagraph (B) and inserting a comma.

(14) Paragraph (3) of section 5134(c) is amended by striking "section 6662(a)" and inserting "section 6665(a)".

(15) Paragraph (2) of section 5206(f) is amended by striking "section 5(e)" and inserting "section 105(e)".

(16) Paragraph (1) of section 6050B(c) is amended by striking "section 85(c)" and inserting "section 85(b)".

(17) Subsection (k) of section 6166 is amended by striking paragraph (6).

(18) Subsection (e) of section 6214 is amended to read as follows:

"(e) CROSS REFERENCE.—

"For provision giving Tax Court jurisdiction to order a refund of an overpayment and to award sanctions, see section 6512(b)(2)."

(19) The section heading for section 6043 is amended by striking the semicolon and inserting a comma.

(20) The item relating to section 6043 in the table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking the semicolon and inserting a comma.

(21) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6662.

(22)(A) Section 7232 is amended—

(i) by striking "**LUBRICATING OIL,**" in the heading, and

(ii) by striking "lubricating oil," in the text.

(B) The table of sections for part II of subchapter A of chapter 75 is amended by striking "lubricating oil," in the item relating to section 7232.

(23) Paragraph (1) of section 6701(a) of the Omnibus Budget Reconciliation Act of 1989 is amended by striking "subclause (IV)" and inserting "subclause (V)".

(24) Clause (ii) of section 7304(a)(2)(D) of such Act is amended by striking "subsection (c)(2)" and inserting "subsection (c)".

(25) Paragraph (1) of section 7646(b) of such Act is amended by striking "section 6050H(b)(1)" and inserting "section 6050H(b)(2)".

(26) Paragraph (10) of section 7721(c) of such Act is amended by striking "section 6662(b)(2)(C)(ii)" and inserting "section 6661(b)(2)(C)(ii)".

(27) Subparagraph (A) of section 7811(i)(3) of such Act is amended by inserting "the first place it appears" before "in clause (i)".

(28) Paragraph (10) of section 7841(d) of such Act is amended by striking "section 381(a)" and inserting "section 381(c)".

(29) Paragraph (2) of section 7861(c) of such Act is amended by inserting "the second place it appears" before "and inserting".

(30) Paragraph (1) of section 460(b) is amended by striking "the look-back method of paragraph (3)" and inserting "the look-back method of paragraph (2)".

(31) The heading for paragraph (2) of section 6427(b) is amended by striking "3-CENT" and inserting "3.1-CENT".

(32) Subparagraph (C) of section 50(a)(2) is amended by striking "subsection (c)(4)" and inserting "subsection (d)(5)".

(33) Subparagraph (B) of section 172(h)(4) is amended by striking the material following the heading and preceding clause (i) and inserting "For purposes of subsection (b)(2)—".

(34) Subparagraph (A) of section 355(d)(7) is amended by inserting "section" before "267(b)".

(35) Subparagraph (C) of section 420(e)(1) is amended by striking "mean" and inserting "means".

(36) Paragraph (4) of section 537(b) is amended by striking "section 172(i)" and inserting "section 172(f)".

(37) Subparagraph (B) of section 613(e)(1) is amended by striking the comma at the end thereof and inserting a period.

(38) Paragraph (4) of section 856(a) is amended by striking "section 582(c)(5)" and inserting "section 582(c)(2)".

(39) Sections 904(f)(2)(B)(i) and 907(c)(4)(B)(iii) are each amended by inserting "(as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)" after "section 172(h)".

(40) Subsection (b) of section 936 is amended by striking "subparagraphs (D)(ii)(I)" and inserting "subparagraphs (D)(ii)".

(41) Subsection (c) of section 2104 is amended by striking "subparagraph (A), (C), or (D) of section 861(a)(1)" and inserting "section 861(a)(1)(A)".

(42) Paragraph (1) of section 5002(b) is amended by striking "section 5041(c)" and inserting "section 5041(d)".

(43) Section 6038 is amended by redesignating the subsection relating to cross references as subsection (f).

(44) Clause (iv) of section 6103(e)(1)(A) is amended by striking all that follows "provisions of" and inserting "section 1(g) or 59(j);".

(45) The subsection (f) of section 6109 of the Internal Revenue Code of 1986 which was added by section 2201(d) of Public Law 101-624 is redesignated as subsection (g).

(46) Subsection (b) of section 7454 is amended by striking "section 4955(e)(2)" and inserting "section 4955(f)(2)".

(47) Subsection (d) of section 11231 of the Revenue Reconciliation Act of 1990 shall be applied as if "comma" appeared instead of "period" and as if the paragraph (9) proposed to be added ended with a comma.

(48) Paragraph (1) of section 11303(b) of the Revenue Reconciliation Act of 1990 shall be applied as if "paragraph" appeared instead of "subparagraph" in the material proposed to be stricken.

(49) Subsection (f) of section 11701 of the Revenue Reconciliation Act of 1990 is amended by inserting "(relating to definitions)" after "section 6038(e)".

(50) Subsection (i) of section 11701 of the Revenue Reconciliation Act of 1990 shall be applied as if "subsection" appeared instead of "section" in the material proposed to be stricken.

(51) Subparagraph (B) of section 11801(c)(2) of the Revenue Reconciliation Act of 1990 shall be applied as if "section 56(g)" appeared instead of "section 59(g)".

(52) Subparagraph (C) of section 11801(c)(8) of the Revenue Reconciliation Act of 1990 shall be applied as if "reorganizations" appeared instead of "reorganization" in the material proposed to be stricken.

(53) Subparagraph (H) of section 11801(c)(9) of the Revenue Reconciliation Act of 1990 shall be applied as if "section 1042(c)(1)(B)" appeared instead of "section 1042(c)(2)(B)".

(54) Subparagraph (F) of section 11801(c)(12) of the Revenue Reconciliation Act of 1990 shall be applied as if "and (3)" appeared instead of "and (E)".

(55) Subparagraph (A) of section 11801(c)(22) of the Revenue Reconciliation Act of 1990 shall be applied as if "chapters 21" appeared instead of "chapter 21" in the material proposed to be stricken.

(56) Paragraph (3) of section 11812(b) of the Revenue Reconciliation Act of 1990 shall be applied by not executing the amendment therein to the heading of section 42(d)(5)(B).

(57) Clause (i) of section 11813(b)(9)(A) of the Revenue Reconciliation Act of 1990 shall be applied as if a comma appeared after "(3)(A)(ix)" in the material proposed to be stricken.

(58) Subparagraph (F) of section 11813(b)(13) of the Revenue Reconciliation Act of 1990 shall be applied as if "tax" appeared after "investment" in the material proposed to be stricken.

(59) Paragraph (19) of section 11813(b) of the Revenue Reconciliation Act of 1990 shall be applied as if "Paragraph (20) of section 1016(a), as redesignated by section 11801," appeared instead of "Paragraph (21) of section 1016(a)".

(60) Paragraph (5) section 8002(a) of the Surface Transportation Revenue Act of 1991 shall be applied as if "4481(e)" appeared instead of "4481(c)".

Subtitle B—Corrections Relating to Social Security, Income Security and Human Resources, and Tariff and Customs

PART I—SOCIAL SECURITY

SEC. 6201. TECHNICAL CORRECTIONS RELATED TO OASDI IN THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.

(a) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5103(b) RELATING TO DISABLED WIDOWS.—Section 223(f)(2) of the Social Security Act (42 U.S.C. 423(f)(2)) is amended—

(1) in subparagraph (A), by striking "(in a case to which clause (ii)(II) does not apply)"; and

(2) by striking subparagraph (B)(ii) and inserting the following:

"(ii) the individual is now able to engage in substantial gainful activity; or".

(b) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5105(d) RELATING TO REPRESENTATIVE PAYEES.—Section 5105(d)(1)(A) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is amended—

(1) by striking "Section 205(j)(5)" and inserting "Section 205(j)(6)"; and

(2) by redesignating the paragraph (5) as amended thereby as paragraph (6).

(c) AMENDMENTS RELATED TO PROVISIONS IN SECTION 5106 RELATING TO COORDINATION OF RULES UNDER TITLES II AND XVI GOVERNING FEES FOR REPRESENTATIVES OF CLAIMANTS WITH ENTITLEMENTS UNDER BOTH TITLES.—

(1) CALCULATION OF FEE OF CLAIMANT'S REPRESENTATIVE BASED ON AMOUNT OF PAST-DUE SUPPLEMENTAL SECURITY INCOME BENEFITS

AFTER APPLICATION OF WINDFALL OFFSET PROVISION.—Section 1631(d)(2)(A)(i) of the Social Security Act (as amended by section 5106(a)(2) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 1383(d)(2)(A)(i)) is amended to read as follows:

"(i) by substituting, in subparagraphs (A)(ii)(I) and (C)(i), the phrase '(determined before any applicable reduction under section 1631(g), and reduced by the amount of any reduction in benefits under this title or title II made pursuant to section 1127(a))' for the parenthetical phrase contained therein; and".

(2) CALCULATION OF PAST-DUE BENEFITS FOR PURPOSES OF DETERMINING ATTORNEY FEES IN JUDICIAL PROCEEDINGS.—

(A) IN GENERAL.—Section 206(b)(1) of such Act (42 U.S.C. 406(b)(1)) is amended—

(i) by inserting "(A)" after "(b)(1)"; and

(ii) by adding at the end the following new subparagraph:

"(B) For purposes of this paragraph—

"(i) the term 'past-due benefits' excludes any benefits with respect to which payment has been continued pursuant to subsection (g) or (h) of section 223, and

"(ii) amounts of past-due benefits shall be taken into account to the extent provided under the rules applicable in cases before the Secretary.".

(B) PROTECTION FROM OFFSETTING SSI BENEFITS.—The last sentence of section 1127(a) of such Act (as added by section 5106(b) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 1320a-6(a)) is amended by striking "section 206(a)(4)" and inserting "subsection (a)(4) or (b) of section 206".

(3) APPLICATION OF SINGLE DOLLAR AMOUNT CEILING TO CONCURRENT CLAIMS UNDER TITLES II AND XVI.—

(A) IN GENERAL.—Section 206(a)(2) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(2)) is amended—

(i) by redesignating subparagraph (C) as subparagraph (D); and

(ii) by inserting after subparagraph (B) the following new subparagraph:

"(C) In any case involving—

"(i) an agreement or agreements described in subparagraph (A) with any person relating to both a claim of entitlement to past-due benefits under this title and a claim of entitlement to past-due benefits under title XVI, and

"(ii) a favorable determination made by the Secretary with respect to both such claims,

the Secretary may approve such agreement or agreements only if the total fee or fees specified in such agreement or agreements do not exceed, in the aggregate, the dollar amount in effect under subparagraph (A)(ii)(II).".

(B) CONFORMING AMENDMENT.—Section 206(a)(3)(A) of such Act (as amended by section 5106(a)(1) of the Omnibus Budget Reconciliation Act of 1990) (42 U.S.C. 406(a)(3)(A)) is amended by striking "paragraph (2)(C)" and inserting "paragraph (2)(D)".

(d) AMENDMENT RELATED TO PROVISIONS IN SECTION 5115 RELATING TO ADVANCE TAX TRANSFERS.—Section 201(a) of the Social Security Act (42 U.S.C. 401(a)) is amended in the last sentence by striking "and" the second place it appears.

(e) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if included in the provisions of the Omnibus Budget Reconciliation Act of 1990 to which such amendment relates.

PART II—INCOME SECURITY AND HUMAN RESOURCES

SEC. 6211. REPEAL OF PROVISION INADVERTENTLY INCLUDED IN THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.

Section 5057 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508), and the amendment made by such section, are hereby repealed, and section 1139(d) of the Social Security Act shall be applied and administered as if such section 5057 had never been enacted.

SEC. 6212. CORRECTIONS RELATED TO THE INCOME SECURITY AND HUMAN RESOURCES PROVISIONS OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.

(a) AMENDMENT RELATED TO SECTION 5035(a)(2).—Section 5035(a)(2) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) is amended by striking "a semicolon" and inserting " '; and' ".

(b) AMENDMENTS RELATED TO SECTION 5105(d)(1)(b).—Section 5105(d)(1)(B) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) is amended—

(1) by striking "Section 1631(a)(2)(E)" and inserting "Section 1631(a)(2)(F)"; and

(2) by redesignating the subparagraph (E) as amended thereby as subparagraph (F).

(c) AMENDMENT RELATED TO SECTION 5105(a)(1)(b).—The second paragraph of section 1631(a) of the Social Security Act (42 U.S.C. 1383(a)) is amended by striking "(A)(i) Payments" and inserting "(2)(A)(i) Payments".

(d) AMENDMENTS RELATED TO SECTION 5105(b).—Section 1631(a)(2)(C) of the Social Security Act (42 U.S.C. 1383(a)(2)(C)) is amended—

(1) by striking clause (ii);

(2) by redesignating clauses (iii), (iv), and (v) as clauses (ii), (iii), and (iv), respectively; and

(3) in clause (iv) (as so redesignated), by striking "(iii), and (iv)" and inserting "and (iii)".

(e) AMENDMENTS RELATED TO SECTION 5107(a)(2)(b).—Section 1631(c)(1)(B) of the Social Security Act (42 U.S.C. 1383(c)(1)(B)) is amended by striking "paragraph (1)" each place such term appears and inserting "subparagraph (A)".

(f) AMENDMENT RELATED TO SECTION 5109(a)(2).—Section 1631 of the Social Security Act (42 U.S.C. 1383) is amended by redesignating the subsection (n) added by section 5109(a)(2) of the Omnibus Budget Reconciliation Act of 1990, as subsection (o).

(g) AMENDMENTS RELATED TO SECTION 11115(b)(2).—Section 11115(b)(2) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508) is amended—

(1) in subparagraph (A), by striking "paragraph (8)" and inserting "paragraph (9)";

(2) in subparagraph (B), by striking "paragraph (9)" and inserting "paragraph (10)"; and

(3) in subparagraph (C), by redesignating the new paragraph added thereby as paragraph (11).

(h) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if included in the provision of the Omnibus Budget Reconciliation Act of 1990 to which the amendment relates at the time such provision became law.

SEC. 6213. CORRECTION RELATED TO SECTION 8006 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1989.

(a) CORRECTION.—Section 473(a)(6)(B) of the Social Security Act (42 U.S.C. 673(a)(6)(B)) is amended by striking "474(a)(3)(B)" and inserting "474(a)(3)(C)".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall take effect as if included in section 8006 of the Omnibus Budget Reconciliation Act of 1989 at the time such section 8006 became law.

SEC. 6214. AMENDMENT RELATED TO SECTION 13101(d)(2) OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.

(a) IN GENERAL.—Section 256(k)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking "—" the second place it appears and all that follows through "(I)"; and

(2) by striking "; or" and all that follows through "(II)" and inserting ", except that a State may not be allotted an amount under this subparagraph that exceeds".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) of this section shall take effect as if included in section 13101(d)(2) of the Omnibus Budget Reconciliation Act of 1990 at the time such section 13101(d)(2) became law.

PART III—TARIFF AND CUSTOMS

SEC. 6221. TECHNICAL AMENDMENTS TO THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES.

(a) IN GENERAL.—The Harmonized Tariff Schedule of the United States is amended as follows:

(1) REMOVAL OF GDR FROM COLUMN 2 RATE LIST.—General Note 3(b) is amended by striking "German Democratic Republic".

(2) TAPESTRY AND UPHOLSTERY FABRICS.—The article description for subheading 5112.19.20 is amended by striking "of a weight exceeding 300 g/m²".

(3) GLOVES.—

(A) Chapter 61 is amended by redesignating subheading 6116.10.45 as subheading 6116.10.48.

(B) Chapter 62 is amended by striking the superior text "Other:" that appears between subheadings 6216.00.46 and 6216.00.52.

(4) AGGLOMERATE STONE FLOOR AND WALL TILES.—The article description for subheading 6810.19.12 is amended to read as follows: "Of stone agglomerated with binders other than cement".

(5) 2,4-DIAMINOBENZENESULFONIC ACID.—The article description for heading 9902.30.43 is amended by striking "2921.51.50" and inserting "2921.59.50".

(6) MACHINES USED IN THE MANUFACTURE OF BICYCLE PARTS.—The article description for heading 9902.84.79 is amended by striking "8479.89.90" and inserting "8462.49.00, 8479.89.90 or 9031.80.00".

(7) COPYING MACHINES AND PARTS.—The article description for heading 9902.90.90 is amended by inserting "or 8473.40.40" after "8472.90.80".

(b) STAGED RATE REDUCTIONS FOR GLOVES.—Any staged reduction of a special rate of duty set forth in subheading 6116.10.45 of such Schedule that takes effect on or after October 1, 1990, by reason of section 10011(a)(2) of Omnibus Budget Reconciliation Act of 1990 shall apply to the corresponding rate of duty in subheading 6116.10.48 (as redesignated by subsection (a)(3)(A)).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) shall apply with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

(2) RETROACTIVE APPLICATION FOR CERTAIN LIQUIDATIONS AND RELIQUIDATIONS.—

(A) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the appropriate customs officer on or before the 90th

day after the date of the enactment of this Act, any entry—

(i) that was made after the applicable date and before the 15th day after such date of enactment; and

(ii) with respect to which there would have been a lesser or no duty if any amendment made by subsection (a) applied to such entry; shall be liquidated or reliquidated as though such amendment applied to such entry.

(B) For purposes of this subsection, the term "applicable date" means—

(i) if such amendment is made by subsection (a)(4) or (a)(7), December 31, 1988; and

(ii) if such amendment is made by subsection (a)(2), (a)(3), (a)(5), (a)(6), September 30, 1990.

SEC. 6222. CLARIFICATION REGARDING THE APPLICATION OF CUSTOMS USER FEES.

(a) IN GENERAL.—Subparagraph (D) of section 13031(b)(8) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(b)(8)(D)) is amended—

(1) by striking out "and" at the end of clause (iv);

(2) by striking out the period at the end of clause (v) and inserting "; and"; and

(3) by inserting after clause (v) the following new clause:

"(vi) in the case of merchandise entered from a foreign trade zone (other than merchandise to which clause (v) applies), be applied only to the value of the merchandise subject to duty under section 3 of the Act of June 18, 1934 (commonly known as the Foreign Trade Zones Act, 19 U.S.C. 81c)."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to—

(1) any entry made from a foreign trade zone on or after the 15th day after the date of the enactment of this Act; and

(2) any entry made from a foreign trade zone after November 30, 1986, and before such 15th day if the entry was not liquidated before such 15th day.

SEC. 6223. TECHNICAL AMENDMENTS TO THE OMNIBUS TRADE AND COMPETITIVENESS ACT OF 1988.

(a) IN GENERAL.—Paragraph (2) of section 1102(a) of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2902(a)(2)) is amended—

(1) in subparagraph (A)—

(A) by striking "the date of enactment of this Act" and inserting "January 1, 1989"; and

(B) by striking "such date of enactment" and inserting "January 1, 1989"; and

(2) in subparagraph (B), by striking "such date of enactment" and inserting "January 1, 1989".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect January 1, 1989.

(c) CONSTRUCTION.—For purposes of applying the amendments made by subsection (a), the column 1-general rate of duty established by any amendment to the Harmonized Tariff Schedule of the United States that was enacted after January 1, 1989, shall, if—

(1) such amendment has, or is statutorily treated as having, an effective date of January 1, 1989; or

(2) application for liquidation or reliquidation at such rate with respect to entries made after December 31, 1988, and before the effective date of the amendment, is provided for;

be treated as the rate in effect on January 1, 1989.

SEC. 6224. TECHNICAL AMENDMENT TO THE CUSTOMS AND TRADE ACT OF 1990.

Subsection (b) of section 484H of the Customs and Trade Act of 1990 (19 U.S.C. 1553 note) is amended by striking ", or withdrawn from warehouse for consumption," and inserting "for transportation in bond".

TITLE VII—INCOME SECURITY AND RELATED PROGRAMS

Subtitle A—Miscellaneous Improvements in the Old-Age, Survivors, and Disability Insurance Program

SEC. 7001. SHORT TITLE.

This subtitle may be cited as the "Social Security Amendments of 1992".

SEC. 7002. IMPROVEMENT AND CLARIFICATION OF PROVISIONS PROHIBITING MISUSE OF SYMBOLS, EMBLEMS, OR NAMES IN REFERENCE TO SOCIAL SECURITY OR MEDICARE.

(a) PROHIBITION OF UNAUTHORIZED REPRODUCTION, REPRINTING, OR DISTRIBUTION FOR FEE OF CERTAIN OFFICIAL PUBLICATIONS.—Section 1140(a) of the Social Security Act (42 U.S.C. 1320b-10(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(2) by inserting "(1)" after "(a)"; and

(3) by adding at the end the following new paragraph:

"(2) No person may, for a fee, reproduce, reprint, or distribute any item consisting of a form, application, or other publication of the Social Security Administration unless such person has obtained specific, written authorization for such activity in accordance with regulations which the Secretary shall prescribe.".

(b) ADDITION TO PROHIBITED WORDS, LETTERS, SYMBOLS, AND EMBLEMS.—Paragraph (1) of section 1140(a) of such Act (as redesignated by subsection (a)) is further amended—

(1) in subparagraph (A) (as redesignated), by striking "Administration', the letters 'SSA' or 'HCFA'," and inserting "Administration', 'Department of Health and Human Services', or 'Health and Human Services', the letters 'SSA', 'HCFA', 'DHHS', or 'HHS',"; and

(2) in subparagraph (B) (as redesignated), by striking "Social Security Administration" each place it appears and inserting "Social Security Administration, Health Care Financing Administration, or Department of Health and Human Services", and by striking "or of the Health Care Financing Administration".

(c) INCLUSION OF REASONABLENESS STANDARD.—Section 1140(a)(1) of such Act (as amended by the preceding provisions of this section) is further amended, in the matter following subparagraph (B) (as redesignated), by striking "convey" and inserting "convey, or in a manner which reasonably could be interpreted or construed as conveying,".

(d) INEFFECTIVENESS OF DISCLAIMERS.—Subsection (a) of section 1140 of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end the following new paragraph:

"(3) Any determination of whether the use of one or more words, letters, symbols, or emblems (or any combination or variation thereof) in connection with an item described in paragraph (1) or the reproduction, reprinting, or distribution of an item described in paragraph (2) is a violation of this subsection shall be made without regard to any inclusion in such item (or any so reproduced, reprinted, or distributed copy thereof) of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof.".

(e) VIOLATIONS WITH RESPECT TO INDIVIDUAL ITEMS.—Section 1140(b)(1) of such Act (42 U.S.C. 1320b-10(b)(1)) is amended by adding at the end the following new sentence: "In the case of any items referred to in subsection (a)(1) consisting of pieces of mail, each such piece of mail which contains one or more words, letters, symbols, or emblems in violation of subsection (a) shall represent a separate violation. In the case of any items referred to in subsection (a)(2), the reproduction, reprinting, or distribution of such item shall be treated as a separate violation with respect to each copy thereof so reproduced, reprinted, or distributed.".

(f) ELIMINATION OF CAP ON AGGREGATE LIABILITY AMOUNT.—

(1) REPEAL.—Paragraph (2) of section 1140(b) of such Act (42 U.S.C. 1320b-10(b)(2)) is repealed.

(2) CONFORMING AMENDMENTS.—Section 1140(b) of such Act is further amended—

(A) by striking "(1) Subject to paragraph (2), the" and inserting "The";

(B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; and

(C) in paragraph (1) (as redesignated), by striking "subparagraph (B)" and inserting "paragraph (1)".

(g) REMOVAL OF FORMAL DECLINATION REQUIREMENT.—Section 1140(c)(1) of such Act (42 U.S.C. 1320b-10(c)(1)) is amended by inserting "and the first sentence of subsection (c)" after "and (i)".

(h) DEPOSITS IN OASI TRUST FUND.—Section 1140(c)(2) of such Act (42 U.S.C. 1320b-10(c)(2)) is amended by striking "as miscellaneous receipts of the Treasury of the United States" and inserting "into the Federal Old-Age and Survivor's Insurance Trust Fund".

(i) ANNUAL REPORTS.—Section 1140 of such Act (42 U.S.C. 1320b-10) is amended by adding at the end the following new subsection:

"(d) The Secretary shall include in the annual report submitted pursuant to section 704 a report on the operation of this section during the year covered by such annual report. Such report shall specify—

"(1) the number of complaints of violations of this section received by the Social Security Administration during the year,

"(2) the number of cases in which a notice of violation of this section was sent by the Social Security Administration during the year requesting that an individual cease activities in violation of this section,

"(3) the number of complaints of violations of this section referred by the Social Security Administration to the Inspector General in the Department of Health and Human Services during the year,

"(4) the number of investigations of violations of this section undertaken by the Inspector General during the year,

"(5) the number of cases in which a demand letter was sent during the year assessing a civil money penalty under this section,

"(6) the total amount of civil money penalties assessed under this section during the year,

"(7) the number of requests for hearings filed during the year pursuant to sections 1140(c)(1) and 1128A(c)(2),

"(8) the disposition during such year of hearings filed pursuant to sections 1140(c)(1) and 1128A(c)(2), and

"(9) the total amount of civil money penalties under this section deposited into the Federal Old-Age and Survivors Insurance Trust Fund during the year.".

(j) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to violations occurring after the date of the enactment of this Act.

SEC. 7003. EXPLICIT REQUIREMENTS FOR MAINTENANCE OF TELEPHONE ACCESS TO LOCAL OFFICES OF THE SOCIAL SECURITY ADMINISTRATION.

(a) MAINTENANCE OF SERVICE TO LOCAL OFFICES.—

(1) IN GENERAL.—Section 5110(a) of the Omnibus Budget Reconciliation Act of 1990 (104 Stat. 1388-272) is amended by adding at the end the following new sentences: "In carrying out the requirements of the preceding sentence, the Secretary shall reestablish and maintain in service the same number of telephone lines to each such local office as was in place as of such date, including telephone sets for connections to such lines.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall be effective as if included in the enactment of section 5110(a) of the Omnibus Budget Reconciliation Act of 1990.

(b) MAINTENANCE OF TOLL-FREE TELEPHONE NUMBER SERVICE.—The Secretary of Health and Human Services shall ensure that toll-free telephone service provided by the Social Security Administration is maintained at a level which is at least equal to that in effect on June 18, 1992.

SEC. 7004. EXPANSION OF STATE OPTION TO EXCLUDE SERVICE OF ELECTION OFFICIALS OR ELECTION WORKERS FROM COVERAGE.

(a) LIMITATION ON MANDATORY COVERAGE OF STATE ELECTION OFFICIALS AND ELECTION WORKERS WITHOUT STATE RETIREMENT SYSTEM.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(a)(7)(F)(iv) of the Social Security Act (42 U.S.C. 410(a)(7)(F)(iv)) (as amended by section 11332(a) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1993, and the exempt remuneration amount determined under section 218(c)(8)(B) with respect to service performed thereafter".

(2) AMENDMENT TO FICA.—Section 3121(b)(7) of the Internal Revenue Code of 1986 (as amended by section 11332(b) of the Omnibus Budget Reconciliation Act of 1990) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1993, and the exempt remuneration amount determined under section 218(c)(8)(B) of the Social Security Act with respect to service performed thereafter".

(b) CONFORMING AMENDMENTS RELATING TO MEDICARE QUALIFIED GOVERNMENT EMPLOYMENT.—

(1) AMENDMENT TO SOCIAL SECURITY ACT.—Section 210(p)(2)(E) of the Social Security Act (42 U.S.C. 410(p)(2)(E)) is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1993, and the exempt remuneration amount determined under section 218(c)(8)(B) with respect to service performed thereafter".

(2) AMENDMENT TO FICA.—Section 3121(u)(2)(B)(ii)(V) of the Internal Revenue Code of 1986 is amended by striking "$100" and inserting "$1,000 with respect to service performed during 1993, and the exempt remuneration amount determined under section 218(c)(8)(B) of the Social Security Act with respect to service performed thereafter".

(c) AUTHORITY FOR STATES TO MODIFY COVERAGE AGREEMENTS WITH RESPECT TO ELECTION OFFICIALS AND ELECTION WORKERS.—Section 218(c)(8) of the Social Security Act (42 U.S.C. 418(c)(8)) is amended—

(1) by striking "on or after January 1, 1968," and inserting "at any time";

(2) by striking "$100" and inserting "$1,000 with respect to service performed during 1993, and the exempt remuneration amount determined under subparagraph (B) with respect to service performed thereafter"; and

(3) by striking the last sentence and inserting the following new sentence: "Any modification of an agreement pursuant to this paragraph shall be effective with respect to services performed in and after the calendar year in which the modification is mailed or delivered by other means to the Secretary.".

(d) INDEXATION OF EXEMPT REMUNERATION AMOUNT.—

(1) IN GENERAL.—Section 218(c)(8) of the Social Security Act (as amended by subsection (c)) is further amended—

(A) by inserting "(A)" after "(8)"; and

(B) by adding at the end the following new subparagraphs:

"(B) The Secretary shall, on or before November 1 of 1993 and of every year thereafter, determine and publish in the Federal Register the exempt remuneration amount which shall be effective with respect to service performed during the following calendar year.

"(C) The exempt remuneration amount determined under subparagraph (B) shall be the larger of—

"(i) the dollar amount in effect under subparagraph (A) with respect to service performed during the calendar year in which the determination under subparagraph (B) is made, or

"(ii) the product of—

"(I) $1,000, and

"(II) the indexing ratio described in subparagraph (D).

"(D) For purposes of subparagraph (C)(ii)(II), the indexing ratio is the ratio of—

"(i) the deemed average total wages (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subparagraph (B) is made, to

"(ii) the average of the total wages (as defined in regulations of the Secretary and computed without regard to the limitations specified in section 209(a)(1)) reported to the Secretary of the Treasury or his delegate for 1991 (as published in the Federal Register in accordance with section 215(a)(1)(D)),

with such product, if not a multiple of $100, being rounded to the next higher multiple of $100 where such product is a multiple of $50 but not of $100 and to the nearest multiple of $100 in any other case.".

(2) CONFORMING AMENDMENT.—Section 209(k)(1) of such Act (42 U.S.C. 409(k)(1)) is amended by inserting "218(c)(8)(D)(i)," after "215(b)(3)(A)(ii),".

(f) EFFECTIVE DATE AND TRANSITIONAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (c) shall apply with respect to service performed on or after January 1, 1993.

(2) TRANSITIONAL RULE.—For the period beginning after September 30, 1992, and ending before January 1, 1993, sections 210(a)(7)(F)(iv), 210(p)(2)(E), and 218(c)(8) of the Social Security Act and sections 3121(b)(7)(F)(iv) and 3121(u)(2)(B)(ii)(V) of the Internal Revenue Code of 1986 shall be applied by substituting "remuneration paid during the period beginning after Septmber 30, 1992, and ending before January 1, 1993, for such service is less than $500" for "remuneration paid in a calendar year for such service is less than $100".

SEC. 7005. TREATMENT OF CERTAIN NONCASH REMUNERATION FOR AGRICULTURAL LABOR.

(a) AMENDMENTS TO 1986 CODE.—Paragraph (8) of section 3121(a) of the Internal Revenue Code of 1986 (defining wages) is amended—

(1) by striking so much of such paragraph as precedes subparagraph (B) thereof and inserting the following:

"(8)(A) remuneration for agricultural labor to the extent such remuneration consists of—

"(i) meals or lodging furnished on the premises of the employer to the employee, the employee's spouse, or any of the employee's dependents, or

"(ii) in the case of an employee who is a seasonal worker, temporary lodging furnished in reasonable proximity to such premises to the employee, the employee's spouse, or any of the employee's dependents;"; and

(2) by striking "cash remuneration" each place it appears in subparagraph (B) and inserting "remuneration (not excluded under subparagraph (A))".

(b) AMENDMENTS TO SOCIAL SECURITY ACT..—Paragraph (7) of section 209(a) of the Social Security Act is amended—

(1) by striking so much of such paragraph as precedes subparagraph (B) thereof and inserting the following:

"(7)(A) Remuneration for agricultural labor to the extent such remuneration consists of—

"(i) meals or lodging furnished on the premises of the employer to the employee, the employee's spouse, or any of the employee's dependents, or

"(ii) in the case of an employee who is a seasonal worker, temporary lodging furnished in reasonable proximity to such premises to the employee, the employee's spouse, or any of the employee's dependents;", and

(2) in subparagraph (B)—

(A) by striking "Cash remuneration" and inserting "Remuneration (not excluded under subparagraph (A))", and

(B) by striking "cash remuneration" and inserting "remuneration (not excluded under subparagraph (A))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid after December 31, 1992.

SEC. 7006. USE OF SOCIAL SECURITY NUMBERS BY STATES AND LOCAL GOVERNMENTS FOR JURY SELECTION PURPOSES.

Section 205(c)(2) of the Social Security Act (42 U.S.C. 405(c)(2)) is amended—

(1) in subparagraph (B)(i), by striking "(E)" in the matter preceding subclause (I) and inserting "(F)";

(2) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(3) by inserting after subparagraph (D) the following:

"(E)(i) It is the policy of the United States that any State (or any political subdivision of a State) may utilize the social security account numbers issued by the Secretary for the additional purposes described in clause (ii) if such numbers are otherwise utilized by such State (or political subdivision) in accordance with applicable law.

"(ii) The additional purposes described in this clause are the following:

"(I) identifying duplicate names of individuals on master lists used for jury selection purposes, and

"(II) identifying on such master lists those individuals who are ineligible to serve on a jury by reason of their conviction of a felony.

"(iii) To the extent that any provision of Federal law enacted before the date of the enactment of this subparagraph is inconsistent with the policy set forth in clause (i), such provision shall, on and after that date, be null, void, and of no effect.

"(iv) For purposes of this subparagraph, the term 'State' has the meaning such term has in subparagraph (D).".

SEC. 7007. AUTHORIZATION FOR ALL STATES TO EXTEND COVERAGE TO STATE AND LOCAL POLICEMEN AND FIREMEN UNDER EXISTING COVERAGE AGREEMENTS.

(a) IN GENERAL.—Section 218(l) of the Social Security Act (42 U.S.C. 418(l)) is amended—

(1) in paragraph (1), by striking "(1)" after "(l)", and by striking "the State of" and all that follows through "date of the enactment of this subsection" and inserting "a State entered into pursuant to this section"; and

(2) by striking paragraph (2).

(b) CONFORMING AMENDMENT.—Section 218(d)(8)(D) of such Act (42 U.S.C. 418(d)(8)(D)) is amended by striking "agreements with States named in" and inserting "State agreements modified as provided in".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to modifications filed by States after the date of the enactment of this Act.

SEC. 7008. LIMITED EXEMPTION FOR CANADIAN MINISTERS FROM CERTAIN SELF-EMPLOYMENT TAX LIABILITY.

(a) IN GENERAL.—Notwithstanding any other provision of law, if—

(1) an individual performed services described in section 1402(c)(4) of the Internal Revenue Code of 1986 which are subject to tax under section 1401 of such Code,

(2) such services were performed in Canada at a time when no agreement between the United States and Canada pursuant to section 233 of the Social Security Act was in effect, and

(3) such individual was required to pay contributions on the earnings from such services under the social insurance system of Canada,

then such individual may file a certificate under this section in such form and manner, and with such official, as may be prescribed in regulations issued under chapter 2 of such Code. Upon the filing of such certificate, notwithstanding any judgment which has been entered to the contrary, such individual shall be exempt from payment of such tax and from any penalties or interest for failure to pay such tax or to file a self-employment tax return as required under section 6017 of such Code.

(b) PERIOD FOR FILING.—A certificate referred to in subsection (a) may be filed only during the 180-day period commencing with the date on which the regulations referred to in subsection (a) are issued.

(c) TAXABLE YEARS AFFECTED BY CERTIFICATE.—A certificate referred to in subsection (a) shall be effective for taxable years ending after December 31, 1978, and before January 1, 1985.

(d) RESTRICTION ON CREDITING OF EXEMPT SELF-EMPLOYMENT INCOME.—In any case in which an individual is exempt under this section from paying a tax imposed under section 1401 of the Internal Revenue Code of 1986, any self-employment income on which such tax would have been imposed but for such exemption shall not be credited under section 212 of the Social Security Act, and, if such individual's primary insurance amount has been determined under section 215 of such Act, notwithstanding section 215(f)(1) of such Act, the Secretary of Health and Human Services shall recompute such primary insurance amount so as to take into account the provisions of this subsection.

SEC. 7009. EXCLUSION OF TOTALIZATION BENEFITS FROM THE APPLICATION OF THE WINDFALL ELIMINATION PROVISION.

(a) IN GENERAL.—Section 215(a)(7) of the Social Security Act (42 U.S.C. 415(a)(7)) is amended—

(1) in subparagraph (A), by striking "but excluding" and all that follows through "1937" and inserting "but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233"; and

(2) in subparagraph (E), by inserting after "in the case of an individual" the following: "whose eligibility for old-age or disability insurance benefits is based on an agreement concluded pursuant to section 233 or an individual".

(b) CONFORMING AMENDMENT RELATING TO BENEFITS UNDER 1939 ACT.—Section 215(d)(3) of such Act (42 U.S.C. 415(d)(3)) is amended by striking "but excluding" and all that follows through "1937" and inserting "but excluding (I) a payment under the Railroad Retirement Act of 1974 or 1937, and (II) a payment by a social security system of a foreign country based on an agreement concluded between the United States and such foreign country pursuant to section 233".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f)(1) of the Social Security Act) with respect to benefits payable for months after October 1992.

SEC. 7010. EXCLUSION OF MILITARY RESERVISTS FROM APPLICATION OF THE GOVERNMENT PENSION OFFSET AND WINDFALL ELIMINATION PROVISIONS.

(a) EXCLUSION FROM GOVERNMENT PENSION OFFSET PROVISIONS.—Subsections (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4) of section 202 the Social Security Act (42 U.S.C. 402 (b)(4), (c)(2), (e)(7), (f)(2), and (g)(4)) are each amended—

(1) in subparagraph (A)(ii), by striking "unless subparagraph (B) applies.";

(2) in subparagraph (A), by striking "The" in the matter following clause (ii) and inserting "unless subparagraph (B) applies. The"; and

(3) in subparagraph (B), by redesignating the existing matter as clause (ii), and by inserting before such clause (ii) (as so redesignated) the following:

"(B)(i) Subparagraph (A)(i) shall not apply with respect to monthly periodic benefits based wholly on service as a member of a uniformed service (as defined in section 210(m)).".

(b) EXCLUSION FROM WINDFALL ELIMINATION PROVISIONS.—Section 215(a)(7)(A) of such Act (as amended by section 7009(a) of this Act) and section 215(d)(3) of such Act (as amended by section 7009(b) of this Act) are each further amended—

(1) by striking "and" before "(II)"; and

(2) by striking "section 233" and inserting "section 233, and (III) a payment based wholly on service as a member of a uniformed service (as defined in section 210(m))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply (notwithstanding section 215(f) of the Social Security Act) with respect to benefits payable for months after October 1992.

SEC. 7011. ELIMINATION OF ROUNDING DISTORTION IN THE CALCULATION OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE CONTRIBUTION AND BENEFIT BASE AND THE EARNINGS TEST EXEMPT AMOUNTS.

(a) ADJUSTMENT OF OASDI CONTRIBUTION AND BENEFIT BASE.—

(1) IN GENERAL.—Section 230(b) of the Social Security Act (42 U.S.C. 430(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

"(1) the contribution and benefit base which is in effect with respect to remuneration paid in (and taxable years beginning in) 1992 or, if later, the most recent year for which an increase in the contribution and benefit base was enacted, and

"(2) the ratio of (A) the deemed average total wages (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subsection (a) is made to (B) the deemed average total wages (as so defined) for 1990 or, if later, the second calendar year before the most recent calendar year for which an increase in the contribution and benefit base was enacted,".

(2) CONFORMING AMENDMENT RELATING TO APPLICABLE PRIOR LAW.—Section 230(d) of such Act (42 U.S.C. 430(d)) is amended by striking "(except that" and all that follows through the end and inserting "(except that, for purposes of subsection (b)(2) of such section 230 as so in effect, each reference in such subsection to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the deemed average total wages (as defined in section 209(k)(1)), and the reference in subparagraph (B) of such subsection to a particular calendar year shall be deemed a reference to 1990 or, if later, the second calendar year before the most recent calendar year for which an increase in the contribution and benefit base was enacted).".

(3) ADJUSTMENT OF CONTRIBUTION AND BENEFIT BASE APPLICABLE IN DETERMINING YEARS OF COVERAGE FOR PURPOSES OF SPECIAL MINIMUM PRIMARY INSURANCE AMOUNT.—Section 215(a)(1)(C)(ii) of such Act is amended by striking "(except that" and all that follows through the end and inserting "(except that, for purposes of subsection (b)(2) of such section 230 as so in effect, each reference in such subsection to the average of the wages of all employees as reported to the Secretary of the Treasury shall be deemed a reference to the deemed average total wages (as defined in section 209(k)(1)), and the reference in clause (B) of such subsection to a particular calendar year shall be deemed a reference to 1990 or, if later, the second calendar year before the most recent calendar year for which an increase in such maximum amount was enacted).".

(b) ADJUSTMENT OF EARNINGS TEST EXEMPT AMOUNT.—Section 203(f)(8)(B)(ii) of the Social Security Act (42 U.S.C. 403(f)(8)(B)(ii)) is amended to read as follows:

"(ii) the product of the corresponding exempt amount which is in effect with respect to months in the taxable year ending after 1991 and before 1993 or, if later, the most recent taxable year for which an increase in the corresponding exempt amount is enacted, and the ratio of—

"(I) the deemed average total wages (as defined in section 209(k)(1)) for the calendar year before the calendar year in which the determination under subparagraph (A) is made, to

"(II) the deemed average total wages (as so defined) for 1990 or, if later, the second calendar year before the most recent taxable

year for which an increase in the exempt amount was enacted,
with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.".

(c) EFFECTIVE DATES.—

(1) The amendments made by subsection (a) shall be effective with respect to the determination of the contribution and benefit base for years after 1992.

(2) The amendment made by subsection (b) shall be effective with respect to the determination of the exempt amounts applicable to any taxable year ending after 1992.

SEC. 7012. REPEAL OF THE FACILITY-OF-PAYMENT PROVISION.

(a) REPEAL OF RULE PRECLUDING REDISTRIBUTION UNDER FAMILY MAXIMUM.—Section 203(i) of the Social Security Act (42 U.S.C. 403(i)) is repealed.

(b) COORDINATION UNDER FAMILY MAXIMUM OF REDUCTION IN BENEFICIARY'S AUXILIARY BENEFITS WITH SUSPENSION OF AUXILIARY BENEFITS OF OTHER BENEFICIARY UNDER EARNINGS TEST.—Section 203(a)(4) of such Act (42 U.S.C. 403(a)(4)) is amended by striking "section 222(b). Whenever" and inserting the following: "section 222(b). Notwithstanding the preceding sentence, any reduction under this subsection in case of an individual who is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for any month on the basis of the same wages and self-employment income as another person—

"(A) who also is entitled to a benefit under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 for such month,

"(B) who does not live in the same household as such individual, and

"(C) whose benefit for such month is suspended (in whole or in part) pursuant to subsection (h)(3) of this section,

shall be made before the suspension under subsection (h)(3). Whenever".

(c) CONFORMING AMENDMENT APPLYING EARNINGS REPORTING REQUIREMENT DESPITE SUSPENSION OF BENEFITS.—The third sentence of section 203(h)(1)(A) of such Act (42 U.S.C. 403(h)(1)(A)) is amended by striking "Such report need not be made" and all that follows through "The Secretary may grant" and inserting the following: "Such report need not be made for any taxable year—

"(i) beginning with or after the month in which such individual attained age 70, or

"(ii) if benefit payments for all months (in such taxable year) in which such individual is under age 70 have been suspended under the provisions of the first sentence of paragraph (3) of this subsection, unless—

"(I) such individual is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202,

"(II) such benefits are reduced under subsection (a) of this section for any month in such taxable year, and

"(III) in any such month there is another person who also is entitled to benefits under subsection (b), (c), (d), (e), (f), (g), or (h) of section 202 on the basis of the same wages and self-employment income and who does not live in the same household as such individual.

The Secretary may grant".

(d) CONFORMING AMENDMENT DELETING SPECIAL INCOME TAX TREATMENT OF BENEFITS NO LONGER REQUIRED BY REASON OF REPEAL.—Section 86(d)(1) of the Internal Revenue Code of 1986 (relating to income tax on social security benefits) is amended by striking the last sentence.

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a), (b), and (c) shall apply with respect to benefits payable for months after December 1993.

(2) The amendment made by subsection (d) shall apply with respect to benefits received after December 31, 1993, in taxable years ending after such date.

SEC. 7013. MAXIMUM FAMILY BENEFITS IN GUARANTEE CASES.

(a) IN GENERAL.—Section 203(a) of the Social Security Act (42 U.S.C. 403(a)) is amended by adding at the end the following new paragraph:

"(10)(A) Subject to subparagraphs (B) and (C)—

"(i) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(B)(i) shall equal the total monthly benefits which were authorized by this section with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits, increased for this purpose by the general benefit increases and other increases under section 215(i) that would have applied to such total monthly benefits had the individual remained entitled to disability insurance benefits until the month in which he became entitled to old-age insurance benefits or reentitled to disability insurance benefits or died, and

"(ii) the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 for a month on the basis of the wages and self-employment income of an individual whose primary insurance amount is computed under section 215(a)(2)(C) shall equal the total monthly benefits which were authorized by this section with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits.

"(B) In any case in which—

"(i) the total monthly benefits with respect to such individual's primary insurance amount for the last month of his prior entitlement to disability insurance benefits was computed under paragraph (6), and

"(ii) the individual's primary insurance amount is computed under subparagraph (B)(i) or (C) of section 215(a)(2) by reason of the individual's entitlement to old-age insurance benefits or death,

the total monthly benefits shall equal the total monthly benefits that would have been authorized with respect to the primary insurance amount for the last month of his prior entitlement to disability insurance benefits if such total monthly benefits had been computed without regard to paragraph (6).

"(C) This paragraph shall apply before the application of paragraph (3)(A), and before the application of section 203(a)(1) of this Act as in effect in December 1978.".

(b) CONFORMING AMENDMENT.—Section 203(a)(8) of such Act (42 U.S.C. 403(a)(8)) is amended by striking "Subject to paragraph (7)," and inserting "Subject to paragraph (7) and except as otherwise provided in paragraph (10)(C),".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for the purpose of determining the total monthly benefits to which beneficiaries may be entitled under sections 202 and 223 of the Social Security Act based on the wages and self-employment income of an individual who—

(1) becomes entitled to an old-age insurance benefit under section 202(a) of such Act,

(2) becomes reentitled to a disability insurance benefit under section 223 of such Act, or

(3) dies,

after October 1992.

SEC. 7014. AUTHORIZATION FOR DISCLOSURE BY THE SECRETARY OF HEALTH AND HUMAN SERVICES OF INFORMATION FOR PURPOSES OF PUBLIC OR PRIVATE EPIDEMIOLOGICAL AND SIMILAR RESEARCH.

(a) IN GENERAL.—Section 1106 of the Social Security Act (42 U.S.C. 1306) is amended—

(1) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively;

(2) in subsection (f) (as so redesignated), by striking "subsection (d)" and inserting "subsection (e)"; and

(3) by inserting after subsection (c) the following new subsection:

"(d) Notwithstanding any other provision of this section, in any case in which—

"(1) information regarding whether an individual is shown on the records of the Secretary as being alive or deceased is requested from the Secretary for purposes of epidemiological or similar research which the Secretary finds may reasonably be expected to contribute to a national health interest, and

"(2) the requester agrees to reimburse the Secretary for providing such information and to comply with limitations on safeguarding and rerelease or redisclosure of such information as may be specified by the Secretary,

the Secretary shall comply with such request, except to the extent that compliance with such request would constitute a violation of the terms of any contract entered into under section 205(r).".

(b) AVAILABILITY OF INFORMATION RETURNS REGARDING WAGES PAID EMPLOYEES.—Section 6103(l)(5) of the Internal Revenue Code of 1986 (relating to disclosure of returns and return information to the Department of Health and Human Services for purposes other than tax administration) is amended—

(1) by striking "for the purpose of" and inserting "for the purpose of—";

(2) by striking "carrying out, in accordance with an agreement" and inserting the following:

"(A) carrying out, in accordance with an agreement";

(3) by striking "program." and inserting "program; or"; and

(4) by adding at the end the following new subparagraph:

"(B) providing information regarding the mortality status of individuals for epidemiological and similar research in accordance with section 1106(d) of the Social Security Act.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to requests for information made after the date of the enactment of this Act.

Subtitle B—Human Resources Amendments

PART I—FOSTER CARE AND CHILD WELFARE

SEC. 7101. PERMANENT EXTENSION OF FOSTER CARE INDEPENDENT LIVING PROGRAM.

(a) IN GENERAL.—Section 477 of the Social Security Act (42 U.S.C. 677) is amended—

(1) in subsection (a)(1)—

(A) by inserting "(or, at the option of the State, age 14)" after "age 16"; and

(B) by striking the 3rd sentence;

(2) in subsection (c), by striking "of the fiscal years 1988 through 1992" and inserting "succeeding fiscal year";

(3) in subsection (e)(1)—

(A) in subparagraph (A), by striking "each of the fiscal years 1987 through 1992" and inserting "any fiscal year";

(B) in subparagraph (C)—

(i) in clause (i)—

(I) in subclause (I), by striking "and"; and

(II) by striking subclause (II) and inserting the following:

"(II) for each of fiscal years 1991 and 1992, $45,000,000; and

"(III) for each succeeding fiscal year, $45,000,000 increased by the percentage (if any) by which the GDP deflator for the 12-month period ending on March 31 of the calendar year in which the fiscal year begins exceeds the GDP deflator for the 12-month period ending on March 31, 1991.";

(ii) in clause (ii)—

(I) in subclause (I), by striking "and";

(II) in subclause (II), by striking the period and inserting "; and"; and

(III) by adding at the end the following:

"(III) for each succeeding fiscal year, $25,000,000 increased by the percentage (if any) by which the GDP deflator for the 12-month period ending on March 31 of the calendar year in which the fiscal year begins exceeds the GDP deflator for the 12-month period ending on March 31, 1991."; and

(iii) by adding at the end the following:

"(iii) The term 'GDP deflator' means the GDP deflator published by the Department of Commerce.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on October 1, 1992, and shall apply to payments under part E of title IV of the Social Security Act for fiscal year 1993 and payments made under such part for any succeeding fiscal year.

SEC. 7102. FOSTER AND ADOPTIVE PARENT TRAINING.

Section 8006(b) of the Omnibus Budget Reconciliation Act of 1989 (42 U.S.C. 674 note; 103 Stat. 2462) is amended by striking ", and before October 1, 1992".

SEC. 7103. CHILD WELFARE SERVICES PROGRAM REVIEWS.

Section 10406 of the Omnibus Budget Reconciliation Act of 1989 (42 U.S.C. 627 note; 103 Stat. 2490) is amended—

(1) by striking "1991" and inserting "1993";

(2) by striking "triennial";

(3) by striking "1992" and inserting "1994"; and

(4) in the section heading—

(A) by striking "**TRIENNIAL**"; and

(B) by striking "**1991**" and inserting "**1993**".

SEC. 7104. EFFECT OF FAILURE TO CARRY OUT STATE PLAN.

(a) IN GENERAL.—Part A of title XI of the Social Security Act (42 U.S.C. 1301–1320b–13) is amended by inserting after section 1122 the following:

"SEC. 1123. EFFECT OF FAILURE TO CARRY OUT STATE PLAN.

"Each individual shall have the right not to be denied any service or benefit under this Act as a result of the failure of any State to which Federal funds are paid under a title of this Act that includes plan requirements to have a plan that meets such requirements, or to administer such a plan in accordance with such requirements.".

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to actions pending on the date of the enactment of this Act and to actions brought on or after such date of enactment.

PART II—CHILD SUPPORT ENFORCEMENT

SEC. 7111. REPORTS TO CREDIT BUREAUS OF PERSONS DELINQUENT IN CHILD SUPPORT PAYMENTS.

(a) IN GENERAL.—Section 466(a)(7) of the Social Security Act (42 U.S.C. 666(a)(7)) is amended—

(1) by inserting ", and procedures which require the State to report monthly to any such agency the name of any parent who owes overdue support and is at least 2 months delinquent in the payment of such support and the amount of such delinquency unless the agency requests not to receive such information" before the semicolon;

(2) by striking "and (C)" and inserting "(C)"; and

(3) by inserting ", and (D) such information shall not be made available to (i) a consumer reporting agency which the State determines does not have sufficient capability to systematically and timely make accurate use of such information, or (ii) an entity which has not furnished evidence satisfactory to the State that the entity is a consumer reporting agency" before the period.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1993, and shall apply to payments under part D of title IV of the Social Security Act for fiscal year 1994 and payments made under such part for any succeeding fiscal year.

PART III—RESEARCH, DEMONSTRATIONS, AND STUDIES

SEC. 7121. EARLY CHILDHOOD DEVELOPMENT PROJECTS.

Section 502(c) of the Family Support Act of 1988 (42 U.S.C. 1315 note; 102 Stat. 2402) is amended by inserting ", and not to exceed $3,000,000 for each of the fiscal years 1993 through 1997" before the period.

SEC. 7122. PAYMENTS TO CERTAIN PRIVATE AID PROGRAMS.

(a) IN GENERAL.—Section 403 of the Social Security Act (42 U.S.C. 603) is amended by adding after the subsection added by section 1301(a) of this Act the following:

"(p)(1) For each day of any calendar quarter in which there is a qualified program operated in a State with a plan approved under this part, the Secretary shall pay the operator of the qualified program an amount equal to—

"(A) the number of persons eligible for aid under the State plan who are enrolled and participating in the qualified program on that day; multiplied by

"(B) the lesser of—

"(i) $20; or

"(ii) 95 percent of the daily average for the calendar quarter of—

"(I) the aggregate dollar value of the benefits that the Secretary estimates would have been provided to such persons under the State plan and under the State plan approved under title XIX if such persons had not been participating in the qualified program; minus

"(II) the aggregate dollar value of such benefits (if any) that were provided to such persons, without regard to any benefits provided by or through the qualified program.

"(2) As used in paragraph (1), the term 'qualified program' means any program operated and evaluated in the same manner as The New Hope Project, Inc., a private, not-for-profit corporation incorporated under the laws of Wisconsin, operates and has evaluated the New Hope Project, which offers low income residents of Milwaukee, Wisconsin, employment, wage supplements, child care, health care, and counseling and training for job retention or advancement.

"(3) Any operator of a program that receives a payment under this section shall, on an annual basis, submit to the Secretary of Health and Human Services and the State in which the program is operated a written report accounting for the use of the payment.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the 1st day of the 1st calendar quarter that begins after the date of the enactment of this Act.

SEC. 7123. MEASUREMENT AND REPORTING OF WELFARE DEPENDENCY.

(a) FINDINGS.—The Congress finds that welfare dependency has reached threatening levels:

(1) In the period since 1960 the average annual caseload of the aid to families with dependent children (AFDC) program under title IV of the Social Security Act has quintupled.

(2) In 1990 there were on average almost twice as many households receiving aid to families with dependent children payments as the number of households and individuals receiving unemployment compensation benefits.

(3) Nearly one-quarter of children born in the period 1967 through 1969 were dependent on welfare (AFDC) before reaching age 18. For minority children this ratio approached three-quarters.

(4) At any given time one-quarter of school children are from single parent families, or households with neither parent. The National Assessment of Educational Progress has documented the educational losses associated with single parent or no parent households.

(5) Only one-quarter of father-absent families receive full child support and over one-half receive none.

(6) The average aid to families with dependent children benefit has declined by more than one-third since 1960.

(7) The burden of welfare dependency is an issue of necessary concern to women, who in overwhelming proportion are the heads of single parent families.

(8) The rate of welfare dependency is rising. However, the statistical basis on which to assess this national issue is wholly inadequate, much as the statistical basis for addressing issues of unemployment was inadequate prior to the Employment Act of 1946, which required the creation of the annual economic report of the President and the development of unemployment rates.

(b) CONGRESSIONAL POLICY.—The Congress hereby declares that—

(1) it is the policy and responsibility of the Federal Government to reduce welfare dependency to the lowest possible level, and to assist families toward self-sufficiency, consistent with other essential national goals;

(2) it is the policy of the United States to strengthen families, to ensure that children grow up in families that are economically self-sufficient and to underscore the responsibility of parents to support their children;

(3) the Federal Government should help welfare recipients as well as individuals at risk of welfare dependency to improve their education and job skills, to obtain access to necessary support services, and to take such other steps as may assist them to meet their responsibilities to become financially independent; and

(4) it is the purpose of this section to aid in lowering welfare dependency by providing the public with generally accepted measures of welfare dependency so that it can track dependency over time and determine whether progress is being made in reducing welfare dependency and enabling families to be self-sufficient.

(c) DEVELOPMENT OF WELFARE DEPENDENCY INDICATORS, RATES, AND PREDICTORS.—

(1) IN GENERAL.—The Secretary of Health and Human Services and the Secretary of Agriculture (referred to in this section col-

lectively as the "Secretary") shall develop indicators, rates, and predictors of welfare dependency.

(2) DEVELOPMENT.—The Secretary shall—

(A) develop—

(i) indicators and rates related to the level of welfare dependency in the United States; and

(ii) predictors that are correlated with welfare dependency;

(B) assess the data needed to report annually on the indicators, rates, and predictors, including the ability of existing data collection efforts to provide such data and any additional data collection needs; and

(C) not later than 2 years after the date of the enactment of this section, provide an interim report containing conclusions resulting from the development and assessment described in subparagraphs (A) and (B), to—

(i) the Committee on Ways and Means of the House of Representatives;

(ii) the Committee on Education and Labor of the House of Representatives;

(iii) the Committee on Agriculture of the House of Representatives;

(iv) the Committee on Energy and Commerce of the House of Representatives;

(v) the Committee on Finance of the Senate;

(vi) the Committee on Labor and Human Resources of the Senate; and

(vii) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(3) CONSIDERATIONS.—In developing the indicators, rates, and predictors, the Secretary shall consider the complexity of patterns of welfare dependency and self-sufficiency attainment, and the external factors, including the economy, that affect welfare dependency.

(d) ADVISORY BOARD ON WELFARE DEPENDENCY.—

(1) ESTABLISHMENT.—There is established an Advisory Board on Welfare Dependency (referred to in this section as the "Board").

(2) COMPOSITION.—The Board shall be composed of 12 members with equal numbers to be appointed by the House of Representatives, the Senate, and the President. The Board shall be composed of experts in the fields of welfare research and statistical methodology, representatives of State and local welfare agencies, and organizations concerned with welfare issues.

(3) VACANCIES.—Any vacancy occurring in the membership of the Board shall be filled in the same manner as the original appointment for the position being vacated. The vacancy shall not affect the power of the remaining members to execute the duties of the Board.

(4) DUTIES.—Duties of the Board shall include—

(A) providing advice and recommendations to the Secretary on the development of indicators, rates, and predictors of welfare dependency, and the identification of data collection needs and existing data collection efforts, described in subsection (c)(2)(B); and

(B) providing advice on the development and presentation of the annual report on welfare dependency indicators, rates, and predictors required under subsection (e).

(5) TRAVEL EXPENSES.—Members of the Board shall not be compensated, but shall receive travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, for each day the member is engaged in the performance of duties away from the home or regular place of business of the member.

(6) DETAIL OF FEDERAL EMPLOYEES.—The Secretary shall detail, without reimbursement, any of the personnel of the agency to the Board to assist the Board in carrying out its duties. Any detail shall not interrupt or otherwise affect the civil service status or privileges of the Federal employee.

(7) VOLUNTARY SERVICE.—Notwithstanding section 1342 of title 31, United States Code, the Board may accept the voluntary services provided by a member of the Board.

(e) ANNUAL WELFARE DEPENDENCY REPORT.—

(1) PREPARATION.—The Secretary shall prepare an annual report on welfare dependency in the United States. The report shall attempt to identify indicators, rates, and predictors of welfare dependency and trends in dependency, and provide information and analysis on the causes of dependency.

(2) COVERAGE.—The report shall include analysis of families and individuals receiving assistance under means-tested benefit programs, including the program of aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), and the Supplemental Security Income program under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), or as general assistance under programs administered by State and local governments.

(3) CONTENTS.—Each report shall set forth—

(A) for each of the means-tested benefit programs described in paragraph (2)—

(i) current trends in the number and rates of recipients and the characteristics, including age, sex, marital status, presence of children, labor force participation, and disability, of the recipients; and

(ii) total expenditures;

(B) the proportion of the total population receiving each of the programs and patterns of multiple program participation and recipiency duration;

(C)(i) characteristics of each such program, including total expenditures broken down by Federal and State shares, gross income limit, need standards, and maximum potential benefit by State; and

(ii) a description of the interactions among the programs;

(D) in the case of the second, or a subsequent, report, changes in the information described in subparagraphs (A) through (C) from the previous year, and trends in program participation;

(E) annual numerical goals for recipients, and expenditures, within each program and within significant subgroups within the population, for the calendar year in which the report is transmitted and for each of the following 4 calendar years, which goals shall, consistent with other essential national goals, reflect the objectives of—

(i) reducing welfare dependency to the lowest possible level; and

(ii) increasing family self-sufficiency at or above the Federal poverty level to the greatest extent possible;

(F)(i) the programs and policies as the Secretary, in consultation with the Board, determines are necessary to meet the goals for each of the 5 years; and

(ii) such recommendations for legislation, which shall not include proposals to reduce eligibility levels or impose barriers to program access, as the Secretary may determine to be necessary or desirable to reduce welfare dependency; and

(G) interim goals for reducing the proportion of children, and families with children, who are recipients of aid to families with dependent children to 10 percent of families with children, adjusted for economic conditions.

(4) SUBMISSION.—The Secretary shall submit such a report not later than 3 years after the date of the enactment of this section, and annually thereafter, to the committees specified in subsection (c)(2)(C). The report shall be transmitted during the first 60 days of each regular session of Congress.

SEC. 7124. EXTENSION OF COMMISSION ON INTERSTATE CHILD SUPPORT.

Section 126 of the Family Support Act of 1988 (42 U.S.C. 666 note; 102 Stat. 2355) is amended—

(1) in subsection (d)(2), by striking "May" and inserting "August"; and

(2) in subsection (f)(1), by striking "July 1" and inserting "September 30".

SEC. 7125. EXTENSION OF NATIONAL COMMISSION ON CHILDREN.

Section 1139(e)(1)(A) of the Social Security Act (42 U.S.C. 1320b–9(e)(1)(A)) is amended by striking "March 31, 1991" and inserting "December 31, 1992".

SEC. 7126. SECRETARIAL REPORT ON THE DIFFERENCES IN PROGRAM RULES UNDER THE FOOD STAMP PROGRAM, AID TO FAMILIES WITH DEPENDENT CHILDREN, AND MEDICAID PROGRAMS.

(a) IN GENERAL.—No later than 6 months after the date of the enactment of this section, the Secretary of Health and Human Services and the Secretary of Agriculture shall jointly submit to the President and the Congress a report which includes—

(1) the rules which govern the food stamp program operated under the Food Stamp Act of 1977, the program of aid to families with dependent children under part A of title IV of the Social Security Act, and the program of medical assistance under title XIX of the Social Security Act;

(2) how the rules differ across such programs;

(3) which of the rules under such programs require statutory action in order to achieve complete uniformity with respect to such programs (including specific statutory citations); and

(4) which of the rules could be made uniform without statutory action.

(b) RULES TO BE EVALUATED.—

(1) IN GENERAL.—The rules to be evaluated in the report required by subsection (a) shall include all rules related to administrative procedures (described in paragraph (2) of this subsection), definitions of countable income, definitions of income disregards and exemptions, quality control sanctions and incentives, financial and other incentives to combat fraud, work and training requirements and programs, and the program under part D of title IV of the Social Security Act. Income eligibility levels shall be excluded from such report.

(2) ADMINISTRATIVE PROCEDURES DEFINED.—The administrative procedures to be evaluated in the report required by subsection (a) include procedures governing—

(A) quality control error measurements;

(B) the effective dates by which State and local agencies must implement rule changes;

(C) verification of applicant or recipient circumstances;

(D) establishment of claims for overpayment;

(E) recipient reporting requirements;

(F) income budgeting methods for applicants and recipients;

(G) eligibility redeterminations;

(H) hearings for those aggrieved by a State or local agency decision on eligibility or benefits;

(I) determinations of citizen or alien status;

(J) time limits for processing applications; and

(K) response time and other requirements with respect to notices to recipients affecting their eligibility or benefits.

(c) COORDINATION WITH REPORT OF THE ADVISORY COMMITTEE ON WELFARE SIMPLIFICATION AND COORDINATION.—The Advisory Committee on Welfare Simplification and Coordination, established by section 1778 of the Food, Agriculture, Conservation, and Trade Act of 1990, shall consider the content of the report required under this section in the preparation of the Committee's report. This section shall not be construed to extend the deadline for submission of the Committee's report specified in section 1778(e) of such Act.

SEC. 7127. DEMONSTRATION OF INDEPENDENT LIVING SERVICES FOR YOUNG ADULTS.

The Secretary of Health and Human Services may authorize 1 State to conduct a demonstration project for 3 years under which community-based services are provided to former foster children who have attained the age of 21 years but have not attained the age of 25 years. Such services may include self-help groups, counseling, treatment for survivors of abuse, mentoring, alumni groups, and coordination of, and referral to, community services by independent living agency staff.

SEC. 7128. EXTENSION OF PERIOD FOR DEMONSTRATION PROJECTS FOR EVALUATING MODEL PROCEDURES FOR REVIEWING CHILD SUPPORT AWARDS.

(a) IN GENERAL.—Section 103(e)(4) of the Family Support Act of 1988 (42 U.S.C. 666 note; 102 Stat. 2347) is amended by striking "2-year" and inserting "3-year".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

PART IV—AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 7131. DELAY IN REQUIREMENT THAT OUTLYING AREAS OPERATE AN AFDC-UP PROGRAM.

Section 401(g)(2) of the Family Support Act of 1988 (42 U.S.C. 602 note; 102 Stat. 2396) is amended by striking "1992" and inserting "1994".

SEC. 7132. REVIEW OF STATE INVESTMENT IN AFDC PROGRAM IN CONSIDERING SETTLEMENT OF QUALITY CONTROL CLAIMS.

Section 408 of the Social Security Act (42 U.S.C. 608) is amended by adding at the end the following:

"(n) In determining whether to settle, adjust, compromise, or waive any rights with respect to a claim arising against a State under this section, the Secretary shall—

"(1) review the plans of the State agency referred to in section 402(a)(3) for new investment in activities to reduce erroneous payments; and

"(2) take such plans into consideration as the Secretary deems appropriate.".

SEC. 7133. DISREGARD OF $2,000 OF INCOME RECEIVED IN ANY YEAR BY INDIANS FROM INTERESTS INDIVIDUALLY HELD IN TRUST OR RESTRICTED LANDS.

(a) IN GENERAL.—Section 402(a)(8)(A) of the Social Security Act (42 U.S.C. 602(a)(8)(A)) is amended—

(1) in clause (vii), by striking "and" after the semicolon; and

(2) by adding at the end the following:

"(ix) shall disregard the first $2,000 of income received in any year by any Indian (within the meaning of the Act of October 19, 1973) from interests individually held by the Indian in trust or restricted lands; and".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 7134. ENCOURAGING USE OF TRANSITIONAL CHILD CARE PROGRAM.

(a) DEVELOPMENT OF METHODOLOGY; REPORT TO THE CONGRESS.—The Secretary of Health and Human Services shall develop an appropriate methodology for determining the proportion of eligible children which are receiving child care provided under section 402(g)(1)(A)(ii) of the Social Security Act, and shall submit to the Congress, within 6 months after the date of the enactment of this section, a report on the findings of the Secretary.

(b) STATE PLAN REQUIREMENTS.—Section 402(a) of the Social Security Act (42 U.S.C. 602(a)) is amended by inserting after paragraph (28) the following:

"(29) provide that the State agency—

"(A) establish procedures by which caseworkers will be informed of the child care program of the State under subsection (g)(1)(A)(ii);

"(B) develop information materials, that are written in a clear and simple manner and are easily recognizable as relating to child care, describing the program referred to in subparagraph (A); and

"(C) in any notice of termination of aid under the plan sent to a family, notify the family using materials developed under subparagraph (B), and orally as appropriate, of the potential eligibility of the family for child care services through the program referred to in subparagraph (A), of the steps the family must take to establish eligibility for such services, and of the rights and responsibilities of the family under the program;".

(c) CONFORMING AMENDMENTS.—Section 402(g)(1)(A)(ii) of such Act (42 U.S.C. 602(g)(1)(A)(ii)) is amended—

(1) by inserting a comma after "employment"; and

(2) by inserting ", or by reason of a decrease in the amount disregarded pursuant to subsection (a)(8)(A)(iii)" before the period.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1992, and shall apply to payments under part A of title IV of the Social Security Act for fiscal year 1993 and payments made under such part for any succeeding fiscal year.

SEC. 7135. STATE OPTION TO USE RETROSPECTIVE BUDGETING WITHOUT MONTHLY REPORTING.

(a) IN GENERAL.—Section 402(a)(13) of the Social Security Act (42 U.S.C. 602(a)(13)) is amended—

(1) by striking all that precedes subparagraph (A) and inserting the following:

"(13) provide, at the option of the State and with respect to such category or categories as the State may select and identify in the State plan, that—"; and

(2) in each of subparagraphs (A) and (B), by striking ", in the case of families who are required to report monthly to the State agency pursuant to paragraph (14)".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1992, and shall apply to payments under part A of title IV of the Social Security Act for fiscal year 1993 and such payments for succeeding fiscal years.

SEC. 7136. INCREASE IN STEPPARENT INCOME DISREGARD.

(a) IN GENERAL.—Section 402(a)(31) of the Social Security Act (42 U.S.C. 602(a)(31)) is amended by striking "$75" and inserting "$90".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1992, and shall apply to payments under part A of title IV of the Social Security Act for fiscal year 1993 and such payments for succeeding fiscal years.

SEC. 7137. VERIFICATION OF STATUS OF CITIZENS AND ALIENS.

(a) IN GENERAL.—Section 1137(d) of the Social Security Act (42 U.S.C. 1320b-7(d)) is amended by adding at the end the following:

"(6) A State shall be deemed to meet the requirements of paragraph (1) of this subsection with respect to the eligibility of each member of a family for benefits under the program described in subsection (b)(1), if the State requires, as a condition for such eligibility, a declaration in writing by an adult member of the family, under penalty of perjury, that each family member is a citizen of the United States or an alien eligible for aid under the State plan approved under part A of title IV.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1992.

PART V—SUPPLEMENTAL SECURITY INCOME

SEC. 7141. ELIMINATION OF OBSOLETE PROVISIONS RELATING TO TREATMENT OF THE EARNED INCOME TAX CREDIT.

(a) TREATMENT OF EITC AS EARNED INCOME.—Section 1612(a)(1) of the Social Security Act (42 U.S.C. 1382a(a)(1)) is amended by striking subparagraph (C) and by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

(b) ADJUSTMENT OF BENEFITS DUE TO TREATMENT OF EITC AS EARNED INCOME.—Section 1631(b) of such Act (42 U.S.C. 1383(b)) is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

SEC. 7142. REDESIGNATION OF CERTAIN PROVISIONS.

Section 1631(e)(6) of the Social Security Act (42 U.S.C. 1383(e)(6)) is amended by redesignating subparagraphs (1) and (2) as subparagraphs (A) and (B), respectively.

SEC. 7143. PREVENTION OF ADVERSE EFFECTS ON ELIGIBILITY FOR, AND AMOUNT OF, SSI BENEFITS WHEN SPOUSE OR PARENT OF BENEFICIARY IS ABSENT FROM THE HOUSEHOLD DUE TO ACTIVE MILITARY SERVICE.

(a) ABSENT PERSON GENERALLY DEEMED TO BE LIVING IN THE HOUSEHOLD.—Section 1614(f) of the Social Security Act (42 U.S.C. 1382c(f)) is amended by adding at the end the following:

"(4) For purposes of paragraphs (1) and (2), a spouse or parent (or spouse of such a parent) who is absent from the household in which the individual lives due solely to a duty assignment as a member of the Armed Forces on active duty shall, in the absence of evidence to the contrary, be deemed to be living in the same household as the individual.".

(b) EXCLUSION FROM SSI INCOME OF HAZARDOUS DUTY PAY RECEIVED WHILE IN ACTIVE MILITARY SERVICE.—Section 1612(b) of such Act (42 U.S.C. 1382a(b)) is amended—

(1) in paragraph (18), by striking "and" the 2nd place such term appears;

(2) in paragraph (19), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(20) special pay received pursuant to section 310 of title 37, United States Code.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the

1st day of the 2d month that begins after the date of the enactment of this Act.

SEC. 7144. DEFINITION OF DISABILITY FOR CHILDREN UNDER AGE 18 APPLIED TO ALL INDIVIDUALS UNDER AGE 18.

(a) IN GENERAL.—Section 1614(a)(3)(A) of the Social Security Act (42 U.S.C. 1382c(a)(3)(A)) is amended by striking "a child" and inserting "an individual".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1992.

SEC. 7145. EXCLUSION FROM INCOME OF $2,000 OF INCOME RECEIVED IN ANY YEAR BY INDIANS FROM INTERESTS INDIVIDUALLY HELD IN TRUST OR RESTRICTED LANDS.

(a) IN GENERAL.—Section 1612(b) of the Social Security Act (42 U.S.C. 1382a(b)), as amended by section 7143(b) of this Act, is amended—

(1) in paragraph (19), by striking "and" after the semicolon;

(2) in paragraph (20), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(21) the first $2,000 of income received in any year by any Indian (within the meaning of the Act of October 19, 1973) from interests individually held by the Indian in trust or restricted lands.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 7146. VALUATION OF CERTAIN IN-KIND SUPPORT AND MAINTENANCE WHEN THERE IS A COST OF LIVING ADJUSTMENT IN SSI BENEFITS.

(a) IN GENERAL.—Section 1611(c) of the Social Security Act (42 U.S.C. 1382(c)) is amended—

(1) in paragraph (1), by striking "and (5)" and inserting "(5), and (6)"; and

(2) by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively; and

(3) by inserting after paragraph (5) the following:

"(6) The dollar amount in effect under subsection (b) as a result of any increase in benefits under this title by reason of section 1617 shall be used to determine the value of any in-kind support and maintenance required to be taken into account in determining the benefit payable under this title to an individual (and the eligible spouse, if any, of the individual) for the 1st 2 months for which the increase in benefits applies.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to benefits paid after the calendar year 1993.

SEC. 7147. TREATMENT OF REVOCABLE BURIAL INSURANCE POLICIES.

(a) IN GENERAL.—Section 1613 of the Social Security Act (42 U.S.C. 1382b) is amended by adding at the end the following:

"(g) In determining eligibility for benefits under this title, revocable burial insurance policies shall be treated in the same manner as irrevocable burial insurance policies.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to calendar months beginning after the date of the enactment of this Act.

PART VI—USE OF TAX INFORMATION BY RAILROAD RETIREMENT BOARD

SEC. 7151. DISCLOSURE OF INFORMATION TO RAILROAD RETIREMENT BOARD.

Section 6103(l)(1)(C) of the Internal Revenue Code of 1986 is amended to read as follows:

"(C) taxes imposed by chapters 22 and 23A, to the Railroad Retirement Board for purposes of its administration of the Railroad Retirement and Railroad Unemployment Insurance Acts.".

PART VII—TECHNICAL CORRECTIONS

SEC. 7161. TECHNICAL CORRECTIONS RELATED TO THE INCOME SECURITY AND HUMAN RESOURCES PROVISIONS OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990.

(a) AMENDMENT RELATED TO SECTION 5035(a)(2).—Section 5035(a)(2) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508; 104 Stat. 1388-225) is amended by striking "a semicolon" and inserting " '; and' ".

(b) REPEAL OF SECTION 5057.—Section 5057 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508; 104 Stat. 1388-230), and the amendment made by such section, are hereby repealed, and section 1139(d) of the Social Security Act shall be applied and administered as if such section 5057 had never been enacted.

(c) AMENDMENT RELATING TO SECTION 5060(a).—Clause (II) of section 402(g)(1)(A)(vi) of the Social Security Act (42 U.S.C. 602(g)(1)(A)(vi)(II)) is amended by moving such subclause 2 ems to the right so that the left margin of such subclause is aligned with the left margin of subclause (I) of such section.

(d) AMENDMENT RELATING TO SECTION 5061(a)(3).—Section 407(b)(1)(B)(v) of the Social Security Act (42 U.S.C. 607(b)(1)(B)(v)) is amended by striking "parents' needs" and inserting "parent's needs".

(e) AMENDMENT RELATED TO SECTION 5081(a).—Section 402(i)(6)(D) of the Social Security Act (42 U.S.C. 602(i)(6)(D)) is amended by striking "as as" and inserting "as".

(f) AMENDMENT RELATING TO SECTION 5105(a)(1)(B)(ii)(I).—Section 1631(a)(2)(C)(i) of the Social Security Act (42 U.S.C. 1383(a)(2)(C)(i)) is amended by inserting "a" before "representative".

(g) AMENDMENTS RELATED TO SECTION 5105(b).—Section 1631(a)(2)(C) of the Social Security Act (42 U.S.C. 1383(a)(2)(C)) is amended—

(1) by striking clause (ii);

(2) by redesignating clauses (iii), (iv), and (v) as clauses (ii), (iii), and (iv), respectively; and

(3) in clause (iv) (as so redesignated), by striking "(iii), and (iv)" and inserting "and (iii)".

(h) AMENDMENT RELATED TO SECTION 5105(d)(1)(B).—Section 5105(d)(1)(B) of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508; 104 Stat. 1388-266) is amended to read as follows:

"(B) TITLE XVI.—Section 1631(a)(2)(F) (42 U.S.C. 1383(a)(2)(F)), as so redesignated by subsection (c)(2) of this section, is amended to read as follows:

'(F) The Secretary shall include as a part of the annual report required under section 704 information with respect to the implementation of the preceding provisions of this paragraph, including—

'(i) the number of cases in which the representative payee was changed;

'(ii) the number of cases discovered where there has been a misuse of funds;

'(iii) how any such cases were dealt with by the Secretary;

'(iv) the final disposition of such cases (including any criminal penalties imposed); and

'(v) such other information as the Secretary determines to be appropriate.'.".

(i) AMENDMENTS RELATED TO SECTION 5107(a)(2)(B).—Section 1631(c)(1)(B) of the Social Security Act (42 U.S.C. 1383(c)(1)(B)) is amended by striking "paragraph (1)" each place such term appears and inserting "subparagraph (A)".

(j) AMENDMENT RELATED TO SECTION 5109(a)(2).—Section 1631 of the Social Security Act (42 U.S.C. 1383) is amended by redesignating the subsection (n) added by section 5109(a)(2) of the Omnibus Budget Reconciliation Act of 1990, as subsection (o).

(k) AMENDMENTS RELATED TO SECTION 11115(b)(2).—Section 1613(a) of the Social Security Act (42 U.S.C. 1382b(a)) is amended—

(1) in paragraph (9), by striking "and";

(2) in the first paragraph (10), by striking the period and inserting "; and"; and

(3) by redesignating the second paragraph (10) as paragraph (11).

(l) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if the amendment had been included in the provision of the Omnibus Budget Reconciliation Act of 1990 to which the amendment relates, at the time the provision became law.

SEC. 7162. TECHNICAL CORRECTIONS RELATED TO THE HUMAN RESOURCE AND INCOME SECURITY PROVISIONS OF OMNIBUS BUDGET RECONCILIATION ACT OF 1989.

(a) AMENDMENT RELATING TO SECTION 8004(a).—Section 408(m)(2)(A) of the Social Security Act (42 U.S.C. 608(m)(2)(A)) is amended by striking "a fiscal" and inserting "the fiscal".

(b) AMENDMENT RELATING TO SECTION 8006(a).—Section 473(a)(6)(B) of such Act (42 U.S.C. 673(a)(6)(B)) is amended by striking "474(a)(3)(B)" and inserting "474(a)(3)(C)".

(c) AMENDMENT RELATING TO SECTION 8007(b)(3).—Subparagraph (D) of section 475(5) of such Act (42 U.S.C. 675(5)(D)) is amended by moving such subparagraph 2 ems to the right so that the left margin of such subparagraph is aligned with the left margin of subparagraph (C) of such section.

(d) EFFECTIVE DATE.—Each amendment made by this section shall take effect as if the amendment had been included in the provision of the Omnibus Budget Reconciliation Act of 1989 to which the amendment relates, at the time the provision became law.

Subtitle C—Prohibition of Certain Misleading Practices; Disclosure Requirement

SEC. 7201. PROHIBITION OF MISUSE OF DEPARTMENT OF TREASURY NAMES, SYMBOLS, ETC.

(a) GENERAL RULE.—Subchapter II of chapter 3 of title 31, United States Code, is amended by adding at the end thereof the following new section:

"§ 333. Prohibition of misuse of Department of Treasury names, symbols, etc.

"(a) GENERAL RULE.—No person may use, in connection with, or as a part of, any advertisement, solicitation, business activity, or product, whether alone or with other words, letters, symbols, or emblems—

"(1) the words 'Department of the Treasury', or the name of any service, bureau, office, or other subdivision of the Department of the Treasury,

"(2) the titles 'Secretary of the Treasury' or 'Treasurer of the United States' or the title of any other officer or employee of the Department of the Treasury,

"(3) the abbreviations or initials of any entity referred to in paragraph (1),

"(4) the words 'United States Savings Bond' or the name of any other obligation issued by the Department of the Treasury,

"(5) any symbol or emblem of an entity referred to in paragraph (1) (including the design of any envelope or stationary used by such an entity), and

"(6) any colorable imitation of any such words, titles, abbreviations, initials, symbols, or emblems,

in a manner which could reasonably be interpreted or construed as conveying the false impression that such advertisement, solici-

tation, business activity, or product is in any manner approved, endorsed, sponsored, or authorized by, or associated with, the Department of the Treasury or any entity referred to in paragraph (1) or any officer or employee thereof.

"(b) TREATMENT OF WAIVERS.—Any determination of whether a person has violated the provisions of subsection (a) shall be made without regard to any use of a disclaimer of affiliation with the United States Government or any particular agency or instrumentality thereof.

"(c) CIVIL PENALTY.—

"(1) IN GENERAL.—The Secretary of the Treasury may impose a civil penalty on any person who violates the provisions of subsection (a).

"(2) AMOUNT OF PENALTY.—The amount of the civil penalty imposed by paragraph (1) shall not exceed $5,000 for each use of any material in violation of subsection (a). If such use is in a broadcast or telecast, the preceding sentence shall be applied by substituting '$25,000' for '$5,000'.

"(3) TIME LIMITATIONS.—

"(A) ASSESSMENTS.—The Secretary of the Treasury may assess any civil penalty under paragraph (1) at any time before the end of the 3-year period beginning on the date of the violation with respect to which such penalty is imposed.

"(B) CIVIL ACTION.—The Secretary of the Treasury may commence a civil action to recover any penalty imposed under this subsection at any time before the end of the 2-year period beginning on the date on which such penalty was assessed."

(b) CLERICAL AMENDMENT.—The analysis for chapter 3 of title 31, United States Code, is amended by adding after the item relating to section 332 the following new item:

"333. Prohibition of misuse of Department of Treasury names, symbols, etc."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(d) REPORT.—Not later than May 1, 1994, the Secretary of the Treasury shall submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the implementation of the amendments made by this section. Such report shall include the number of cases in which the Secretary has notified persons of violations of section 333 of title 31, United States Code (as added by subsection (a)), the number and amount of civil penalties assessed under such section, and the total amount of such penalties collected.

SEC. 7202. CERTAIN ORGANIZATIONS REQUIRED TO DISCLOSE NONEXEMPT STATUS.

(a) GENERAL RULE.—Subchapter B of chapter 61 of the Internal Revenue Code of 1986 (relating to miscellaneous provisions) is amended by redesignating section 6115 as section 6116 and by inserting after section 6114 the following new section:

"SEC. 6115. CERTAIN ORGANIZATIONS REQUIRED TO DISCLOSE NONEXEMPT STATUS.

"(a) IN GENERAL.—If—

"(1) in an advertisement or solicitation by (or on behalf of) an organization, such organization is referred to as being nonprofit, and

"(2) such organization is not exempt from tax under subtitle A,

such advertisement or solicitation shall contain an express statement (in a conspicuous and easily recognizable format) that such organization is not exempt from Federal income taxes.

"(b) CROSS REFERENCE.—

"For penalties for violation of subsection (a), see section 6714."

(b) PENALTY.—Part I of subchapter B of chapter 68 of such Code is amended by adding at the end thereof the following new section:

"SEC. 6714. FAILURE TO DISCLOSE NONEXEMPT STATUS.

"(a) IMPOSITION OF PENALTY.—If there is a failure to meet the requirements of section 6115 with respect to any advertisement or solicitation by (or on behalf of) an organization, such organization shall pay a penalty of $1,000 for each day on which such a failure occurred. The maximum penalty imposed under this subsection on failures by any organization during any calendar year shall not exceed $10,000.

"(b) REASONABLE CAUSE EXEMPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.

"(c) $10,000 LIMITATION NOT TO APPLY WHERE INTENTIONAL DISREGARD.—If any failure to which subsection (a) applies is due to intentional disregard of the requirements of section 6115—

"(1) the penalty under subsection (a) for the day on which failure occurred shall be the greater of—

"(A) $1,000, or

"(B) 50 percent of the aggregate cost of the advertisements and solicitations which occurred on such day and with respect to which there was such failure,

"(2) the $10,000 limitation of subsection (a) shall not apply to any penalty under subsection (a) for the day on which such failure occurred, and

"(3) such penalty shall not be taken into account in applying such limitation to other penalties under subsection (a).

"(d) DAY ON WHICH FAILURE OCCURS.—For purposes of this secton, rules similar to the rules of section 6710(d) shall apply in determining the day on which any failure occurs."

(c) CLERICAL AMENDMENTS.—

(1) The table of sections for subchapter B of chapter 61 of such Code is amended by striking the item relating to section 6115 and inserting the following:

"Sec. 6115. Certain organizations required to disclose nonexempt status.

"Sec. 6116. Cross reference."

(2) The table of sections of part I of subchapter B of chapter 68 of such Code is amended by adding at the end thereof the following new item:

"Sec. 6714. Failure to disclose nonexempt status."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1993.

SEC. 7203. EXEMPT ORGANIZATIONS REQUIRED TO PROVIDE COPY OF RETURN.

(a) GENERAL RULE.—

(1) Subparagraph (A) of section 6104(e)(1) of the Internal Revenue Code of 1986 (relating to public inspection of annual returns) is amended to read as follows:

"(A) IN GENERAL.—During the 3-year period beginning on the filing date—

"(i) a copy of the annual return filed under section 6033 (relating to returns by exempt organizations) by any organization to which this paragraph applies shall be made available by such organization for inspection during regular business hours by any individual at the principal office of such organization and, if such organization regularly maintains 1 or more regional or district offices having 3 or more employees, and at each such regional or district office, and

"(ii) upon request of an individual made at such principal office or such a regional or district office, a copy of such annual return shall be provided to such individual without charge other than a reasonable fee for the cost of reproduction."

(2) Clause (ii) of section 6104(e)(2)(A) of such Code is amended by inserting before the period at the end thereof the following: "(and, upon request of an individual made at such principal office or such a regional or district office, a copy of the material required to be available for inspection under this subparagraph shall be provided to such individual without charge other than a reasonable fee for the cost of reproduction)".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1993.

TITLE VIII—AUTHORIZATION FOR ADDITIONAL ASSISTANCE FOR ENTERPRISE ZONES UNDER VARIOUS PROGRAMS

Subtitle A—Block Grant Funding for Eligible Programs

SEC. 8001. AUTHORIZATION OF APPROPRIATIONS.

(a) URBAN ENTERPRISE ZONES.—There are authorized to be appropriated for assistance under section 8002(a) the following amounts for the following fiscal years:

(1) $384,800,000 for fiscal year 1993.
(2) $377,600,000 for fiscal year 1994.
(3) $372,400,000 for fiscal year 1995.
(4) $370,000,000 for fiscal year 1996.
(5) $374,000,000 for fiscal year 1997.

(b) RURAL ENTERPRISE ZONES.—There are authorized to be appropriated for assistance under section 8002(b) the following amounts:

(1) $96,200,000 for fiscal year 1993.
(2) $94,400,000 for fiscal year 1994.
(3) $93,100,000 for fiscal year 1995.
(4) $92,500,000 for fiscal year 1996.
(5) $93,500,000 for fiscal year 1997.

(c) AVAILABILITY.—Any amounts appropriated under paragraphs (2) through (5) of subsection (a), or under paragraphs (2) through (5) of subsection (b) shall remain available for allocation under section 8002 through fiscal year 1997.

SEC. 8002. ALLOCATION OF AMOUNTS AMONG TAX ENTERPRISE ZONES.

(a) URBAN ENTERPRISE ZONES.—

(1) IN GENERAL.—The interagency council established under section 8006 of this Act shall make any amounts appropriated pursuant to section 8001(a) available under this subtitle to provide assistance on behalf of each urban tax enterprise zone designated under section 1391 of the Internal Revenue Code of 1986 for which an application under section 8005 of this Act has been approved by the interagency council.

(2) FISCAL YEAR 1993.—The amount of assistance provided under this section on behalf of each urban tax enterprise zone in fiscal year 1993 shall be the amount determined by dividing the total amount appropriated for the fiscal year pursuant to section 8001(a)(1) by the total number of urban tax enterprise zones that may be designated under section 1391 of the Internal Revenue Code of 1986 before the end of calendar year 1993.

(3) FISCAL YEARS 1994 TO 1997.—The interagency council shall provide for the allocation of amounts made available pursuant to paragraphs (2) through (5) of section 8001(a) so that the amount provided under this subtitle in any of fiscal years 1994 through 1997 on behalf of any designated urban tax enterprise zone is, to the extent possible, equivalent to the amount provided under this subtitle on behalf of any other urban tax enterprise zone in any other of such fiscal years. In determining the amount to be provided

under this paragraph, the interagency council shall take into consideration the total number of urban tax enterprise zones to be designated in such fiscal years, the number of years that such designations shall be in effect, the sum of such amounts authorized to be appropriated for such fiscal years, and the period during which such amounts will remain available.

(b) RURAL DEVELOPMENT INVESTMENT ZONES.—

(1) IN GENERAL.—The interagency council established under section 8006 of this Act shall make any amounts appropriated pursuant to section 8001(b) available under this subtitle to provide assistance on behalf of each rural development investment zone designated under section 1391 of the Internal Revenue Code of 1986 for which an application under section 8005 of this Act has been approved by the interagency council.

(2) FISCAL YEAR 1993.—The amount of assistance provided under this section on behalf of each rural development investment zone in fiscal year 1993 shall be the amount determined by dividing the total amount appropriated for the fiscal year pursuant to section 8001(b)(1) by the total number of rural development investment zones that may be designated under section 1391 of the Internal Revenue Code of 1986 before the end of calendar year 1993.

(3) FISCAL YEARS 1994 TO 1997.—The interagency council shall provide for the allocation of amounts made available pursuant to paragraphs (2) through (5) of section 8001(b) so that the amount provided under this subtitle in any of fiscal years 1994 through 1997 on behalf of any designated rural development investment zone is, to the extent possible, equivalent to the amount provided under this subtitle on behalf of any other rural development investment zone in any other of such fiscal years. In determining the amount to be provided under this paragraph, the interagency council shall take into consideration the total number of rural development investment zones to be designated in such fiscal years, the number of years that such designations shall be in effect, the sum of such amounts authorized to be appropriated for such fiscal years, and the period during which such amounts will remain available.

SEC. 8003. USE OF AMOUNTS.

(a) IN GENERAL.—The assistance allocated under section 8002 on behalf of each tax enterprise zone (as defined in section 8007) shall be available only for carrying out selected programs within the tax enterprise zone, in accordance with the application of the tax enterprise zone approved under section 8005 and subject to the provisions of this section.

(b) ALLOCATION AMONG PROGRAM CATEGORIES.—

(1) IN GENERAL.—Except as provided in paragraph (2), of the total amount of assistance provided under this subtitle on behalf of a tax enterprise zone for any fiscal year, the sum of the amounts used to carry out selected programs referred to under any one of paragraphs (1) through (5) of section 8004 may not exceed 20 percent of such total amount.

(2) WAIVER OF CAPS.—Pursuant to a request contained in an application under section 8005, the interagency council may provide that the requirement under paragraph (1) shall not apply with respect to amounts used to carry out selected programs under the application, except that of the total amount of assistance provided under this subtitle on behalf of such tax enterprise zone for any fiscal year, the sum of the amounts used to carry out selected programs referred to under any single paragraph under section 8004 may not exceed 30 percent of such total amount and may not be less than 5 percent of such total amount.

(c) ALLOCATION AMONG JOB TRAINING PROGRAMS.—In any fiscal year, of the sum of the amounts of assistance provided under this subtitle on behalf of a tax enterprise zone that are used to carry out any of the job training programs under section 8004(2), not less than 25 percent shall be used for assistance under the Young Adult Employment Demonstration program referred to in section 8004(2)(A) of this Act.

(d) PROVISION OF ASSISTANCE.—Upon the approval of an application under section 8005 for a tax enterprise zone, the appropriate Federal agency head for each selected program under the approved application shall make available on behalf of the enterprise zone (under such program and through the appropriate eligible entity), from amounts available on behalf of such zone pursuant to section 8002, the amount of assistance determined in accordance with the approved application. The availability of such assistance shall be subject to any laws and regulations applicable to such program. Notwithstanding any other provision of law, any amounts made available under this section, or provided under this subsection, to an eligible entity for assistance under a selected program shall remain available to the entity until expended by the entity.

(e) SUPPLEMENTATION REQUIREMENT.—Any amounts provided under this subtitle shall be in supplement to, and shall not supplant, any Federal, State, local, or private funds from other sources already used, or committed for use, for programs, projects, activities, and services assisted under this subtitle or comparable to such programs, projects, activities, and services.

SEC. 8004. ELIGIBLE PROGRAMS.

Assistance may be provided under this subtitle for carrying out the following activities, projects, and programs:

(1) CRIME AND CRIMINAL JUSTICE.—

(A) Chapter A of subpart 2 of part E of title I of the Omnibus Crime Control and Safe Streets Act of 1968.

(B) Chapter B of subpart 2 of part E of title I of the Omnibus Crime Control and Safe Streets Act of 1968.

(C) Projects and activities under chapter 1 of subtitle B of title III of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11801 et seq.).

(D) Activities under chapter 3 of subtitle B of title III of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11841 et seq.).

(E) Projects under the Comprehensive Child Development Act (42 U.S.C. 9881 et seq.).

(F) The family support programs under subtitle F of title VII of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11481 et seq.).

(2) JOB TRAINING.—

(A) The Young Adult Employment Demonstration program under section 8053 of this Act.

(B) The Job Corps program under part B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.).

(C) Title II of the Job Training Partnership Act (29 U.S.C. 1601 et seq.).

(D) The American Conservation and Youth Corps program under subtitle C of title I of the National and Community Service Act of 1990 (42 U.S.C. 12541 et seq.).

(3) EDUCATION.—

(A) The programs under the Head Start Act (42 U.S.C. 9831 et seq.).

(B) Activities under the Child Care and Development Block Grant Act (42 U.S.C. 9858 et seq.).

(C) The programs under section 1005 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 2711).

(D) The programs under the Carl D. Perkins Vocational Educational and Applied Technology Education Act (20 U.S.C. 2301 et seq.).

(E) The programs under the Adult Education Act (20 U.S.C. 1201 et seq.).

(F) The TRIO programs under part A of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.).

(4) HEALTH AND NUTRITION.—

(A) The special supplemental food program for women, infants, and children under section 17 of the Child Nutrition Act of 1966.

(B) The following programs under the Public Health Service Act (42 U.S.C. 201 et seq.):

(i) Community health centers.

(ii) Capacity expansion of substance abuse treatment facilities.

(iii) Substance abuse treatment for individuals under criminal justice supervision.

(iv) Substance abuse treatment for pregnant and postpartum women.

(v) Community prevention grants regarding substance abuse.

(vi) Substance abuse treatment improvement grants.

(5) HOUSING AND COMMUNITY DEVELOPMENT.—

(A) The community development block grant program under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

(B) The public and Indian housing modernization program under section 14 of the United States Housing Act of 1937 (42 U.S.C. 1437l).

(C) The public and assisted housing drug elimination program under chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.).

(D) The public housing family investment centers program under section 22 of the United States Housing Act of 1937 (42 U.S.C. 1437t).

(E) The rental assistance program under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

(F) Assistance (pursuant to section 108(h) of the Housing and Community Development Act of 1974) for the reduction of interest payments under obligations guaranteed pursuant to the loan guarantee program under section 8052 of this Act.

(G) The program for outreach and assistance for socially disadvantaged farmers and ranchers under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279).

SEC. 8005. APPLICATION FOR FUNDING.

(a) ESTABLISHMENT OF APPLICATION PROCESS.—The interagency council shall establish, by regulation, a procedure for a single comprehensive application to be submitted to the council for each tax enterprise zone designated under section 1391 of the Internal Revenue Code of 1986 for the purpose of making amounts available under this subtitle on behalf of such tax enterprise zones. The interagency council shall provide for the form and manner of such applications, and shall require the applications to be made by the State, unit of local government, or economic development agency chartered by the State that submitted the nomination for designation of the area designated as a tax enterprise zone and submitted promptly after such designation.

(b) LOCAL COORDINATION.—

(1) PURPOSES.—The interagency council shall provide that each application under this section shall be developed in coordination and consultation with a local coordinating board under paragraph (2), which shall ensure that the programs, projects, activities, and services under section 8004(1) carried out with amounts provided under this subtitle are sufficiently coordinated with the other programs, projects, activities, and services assisted under this subtitle, and that all such programs, projects, activities, and services are coordinated with law enforcement efforts within the area nominated for designation as a tax enterprise zone.

(2) MEMBERSHIP.—The local coordinating board referred to in paragraph (1) shall include representatives of units of local government within such area, other community leaders in such area, and representatives of law enforcement agencies having jurisdiction within such area.

(c) CONTENTS.—Each application under the procedure established under this section shall contain the following information:

(1) An indication of the programs referred to under section 8004 for which funding is requested and a general description of the types of activities to be carried out with such assistance.

(2) A statement of the percentage of the total amount of any funding received under this subtitle that will be used for each selected program.

(3) A statement identifying and describing the eligible entities that will receive any assistance provided for the selected programs on behalf of the tax enterprise zone.

(4) Any documentation regarding the existing eligibility of such eligible entities for assistance under the selected programs.

(5) Any information or documentation necessary, as determined by the council, for approval of the eligibility of other entities to receive assistance provided on behalf of the tax enterprise zone under selected programs pursuant to the application.

(6) A statement describing the membership of the local coordinating board organized pursuant to the requirement under subsection (b) and describing the coordination between the programs, projects, activities, and services assisted under this title and local law enforcement efforts in the tax enterprise zone.

(7) A request for any waiver of the requirement under section 8003(b)(1).

(8) A statement identifying any other Federal, State, and local resources for the community in which the tax enterprise zone is located that will be dedicated to the types of programs, projects, activities, and services to be assisted under this subtitle.

(9) Evidence demonstrating a strong commitment by community groups in the tax enterprise zone for carrying out the selected programs and similar programs, projects, activities, and services.

(10) A statement identifying any private sector resources, including corporate contributions and individual commitments, to supplement assistance provided under this subtitle.

(11) Evidence demonstrating a balanced, comprehensive plan for the tax enterprise zone, that addresses removing violent offenders from the neighborhood streets, supports drug and crime prevention, and includes other proposals for neighborhood revitalization through strategies to create jobs and other economic opportunities.

(12) Evidence demonstrating that any amounts requested for selected programs are part of an integrated and comprehensive plan for the use of Federal, State, local, and private resources to accomplish specific and measurable goals for neighborhood revitalization.

(d) REVIEW.—In reviewing each application submitted under this section, each member of the council shall review the portion of the application concerning any request or eligibility for assistance under any selected program under the jurisdiction of such member to determine whether providing assistance under this subtitle pursuant to such application will comply with the laws and regulations applicable to such program.

(e) APPROVAL AND DISAPPROVAL.—

(1) TIMING.—The council shall review each application promptly upon receipt and shall approve or disapprove the application not later than the expiration of the 30-day period beginning upon such receipt.

(2) STANDARDS FOR APPROVAL.— The council shall approve an application if the council determines that the assistance requested for the selected programs under the application will assist in the economic development of the tax enterprise zone, that the eligible entities identified in the application are capable and qualified to receive and administer the assistance pursuant to the application, and that the information, documentation, or evidence required under subsection (c) is sufficient in the determination of the council.

(3) DISAPPROVAL AND RESUBMISSION.—If, pursuant to review under this section, the council determines that the application of a tax enterprise zone is incomplete or unsatisfactory, the council shall, before the expiration of the period referred to in paragraph (1)—

(A) notify the entity submitting the application of the reasons for the failure to approve the application;

(B) notify the entity submitting the application that the application may be resubmitted during the period referred to in subparagraph (C); and

(C) permit such entity to resubmit a corrected or amended application during the 30-day period beginning on notification under this paragraph.

(4) REVIEW OF RESUBMITTED APPLICATION.— The council shall review and approve or disapprove any application resubmitted under paragraph (3) before the expiration of the 15-day period beginning upon such resubmission. Any application resubmitted under paragraph (3) that is disapproved may be resubmitted before the expiration of the 15-day period beginning upon such disapproval and shall be subject to review under the provisions of this paragraph.

SEC. 8006. INTERAGENCY COUNCIL.

(a) ESTABLISHMENT.—There is hereby established an interagency council to provide assistance under this subtitle.

(b) MEMBERSHIP.—The members of the council shall be the Secretary of Agriculture, the Secretary of Education, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Labor, the Director of the Office of National Drug Control Policy, and the Attorney General of the United States.

(c) DUTIES.—The council shall—

(1) review and approve applications submitted under section 8005;

(2) direct the appropriate Federal agency head to provide assistance under the selected programs under approved applications using amounts available pursuant to this subtitle;

(3) carry out any other responsibilities of the council as provided under this subtitle.

(d) CO-CHAIRPERSONS.—The co-chairpersons of the council shall be the Attorney General and—

(1) with respect to any matter concerning an urban tax enterprise zone designated under section 1391 of the Internal Revenue Code of 1986, the Secretary of Housing and Urban Development; and

(2) with respect to any matter concerning a rural development investment zone designated under section 1391 of the Internal Revenue Code of 1986, the Secretary of Agriculture.

SEC. 8007. DEFINITIONS.

For purposes of this subtitle:

(1) The term "appropriate Federal agency head" means, with respect to each program referred to in section 8004, the head of the Federal agency or other Federal official responsible for administering such program.

(2) The term "approved application" means an application under section 8005 for assistance provided under this subtitle that is approved by the interagency council.

(3) The term "eligible entity" means, with respect to a selected program under an application under section 8005, an entity in the tax enterprise zone that is eligible (or pursuant to section 8005(c)(5), has applied for eligibility) to receive and administer amounts under the program and is designated under the application to receive and administer amounts provided for the program pursuant to this subtitle.

(4) The terms "interagency council" and "council" mean the interagency council established under section 8006.

(5) The term "selected program" means, with respect to a tax enterprise zone, any of the programs identified in an application under section 8005 for which funding under this subtitle is requested.

(6) The term "tax enterprise zone" means an urban tax enterprise zone or a rural development investment zone, designated under section 1391 of the Internal Revenue Code of 1986.

SEC. 8008. STUDY AND REPORT.

(a) STUDY.—The council shall conduct a study to identify—

(1) any alternative methods or systems for allocation of amounts made available pursuant to this subtitle among tax enterprise zones; and

(2) any problems experienced in the implementation and administration of the provisions of this subtitle, including identification of any provisions of law or regulations relating to the programs referred to in section 8004 for which a waiver would facilitate carrying out the purposes of this subtitle.

(b) REPORT.—Not later than the expiration of the 1-year period beginning on the date of the enactment of this Act, the council shall submit to the Congress a report regarding the study conducted under subsection (a), which shall include any recommendations for improving the program for assistance under this subtitle.

SEC. 8009. REGULATIONS.

The council shall issue any regulations necessary to carry out this subtitle not later than the expiration of the 60-day period beginning on the date of the enactment of this Act.

Subtitle B—Additional Funding Under Specific Programs

SEC. 8031. UNITED STATES ATTORNEYS ACCOUNT.

(a) AUTHORIZATION.—There are authorized to be appropriated to the Department of Justice $4,000,000 for fiscal year 1993, $8,000,000 for fiscal year 1994, $11,500,000 for fiscal year

1995, and $12,500,000 for each of the fiscal years 1996 and 1997 for the offices of the United States Attorney to assist local law enforcement agencies in tax enterprise zones and for additional coordination of Federal law enforcement and prosecutorial activities within such zones. The amounts authorized under this section shall be in addition to any amounts authorized to be appropriated under any other provisions of law for the purposes under this section.

(b) FEDERAL USE OF FUNDS.—Such funds are to be utilized by offices of the United States Attorney in tax enterprise zones to assist Federal, State and local, and joint prosecutorial and law enforcement activities within such zones.

(c) STATE AND LOCAL GRANTS.—Authorized representatives of the offices of the United States Attorney in tax enterprise zones may make grants to State and local law enforcement agencies in such zones to supplement local law enforcement programs.

SEC. 8032. NEIGHBORHOOD REINVESTMENT CORPORATION.

Section 608(a) of the Housing and Community Development Amendments of 1978 (42 U.S.C. 4107(a)) is amended—

(1) in paragraph (1)—

(A) by inserting "(A)" after "(1)";

(B) by striking "paragraph" and inserting "subparagraph"; and

(C) by adding at the end the following new subparagraph:

"(B) In addition to amounts authorized under subparagraph (A), there are authorized to be appropriated to the corporation to carry out this title $5,000,000 for fiscal year 1993, $10,000,000 for fiscal year 1994, $13,000,000 for fiscal year 1995, $15,000,000 for fiscal year 1996, and $10,000,000 for fiscal year 1997. Any amounts appropriated under this subparagraph shall be used only for activities of the corporation and for providing assistance and grants for programs and activities (as provided under section 606(a)), that are to be carried out within, or to benefit neighborhoods located within, urban tax enterprise zones or rural development investment zones established under section 1391 of the Internal Revenue Code of 1986."; and

(2) in paragraph (2), in the matter preceding subparagraph (A), by striking "this subsection", and inserting "paragraph (1)(A)".

SEC. 8033. MINORITY ENTERPRISE BUSINESS INVESTMENT COMPANIES.

There is authorized to be appropriated for providing assistance to companies operating under the authority of section 301(d) of the Small Business Investment Act of 1958 which are organized for the purpose of financing small business concerns located within urban tax enterprise zones or rural development investment zones established under section 1391 of the Internal Revenue Code of 1986 $10,000,000 per fiscal year for each of fiscal years 1993, 1994, 1995, 1996, and 1997. The amounts authorized under this section shall be in addition to any amounts authorized to be appropriated under any other provisions of law for the purposes under this section.

Subtitle C—Other Programs

SEC. 8051. WAIVER OF PUBLIC SERVICES CAP UNDER COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

Section 105(a)(8) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)) is amended—

(1) by inserting "(A)" before "unless such unit"; and

(2) by inserting before the semicolon at the end the following: ", or (B) unless unit of general local government is located within or contains an urban tax enterprise zone or rural development investment zone (as so designated under section 1391 of the Internal Revenue Code of 1986), in which case such unit of general local government may use, in addition to such 15 percent of the amount of any assistance provided to the unit (or in the case of nonentitled communities, 15 percent statewide) under this title, including program income, an additional 15 percent of such amount of assistance for activities under this paragraph within such enterprise zone".

SEC. 8052. LOAN GUARANTEES FOR DEVELOPMENT ACTIVITIES.

(a) ADDITIONAL CREDIT AUTHORITY.—In addition to any commitments to guarantee notes and obligations under section 108 of the Housing and Community Development Act of 1974 entered into pursuant to the authority provided under the fifth sentence of section 108(a) of such Act, the Secretary of Housing and Urban Development shall enter into commitments to guarantee notes and obligations pursuant to this section and such section 108 with an aggregate principal amount of $500,000,000, without fiscal year limitation, to the extent approved or provided in appropriation Acts and subject only to the absence of applications from qualified public entities under subsection (b) or proposed activities and to the authority provided in this section.

(b) QUALIFIED PUBLIC ENTITIES.—For purposes of this section, the term "qualified public entity" means any unit of general local government (as such term is defined in section 102 of the Housing and Community Development Act of 1974) within which a tax enterprise zone (as such term is defined section 8007 of this Act) is located, and such term includes any public agency designated by any such unit of general local government.

(c) ELIGIBLE ACTIVITIES.—Notwithstanding the first sentence of section 108(a) of the Housing Act of 1974, guarantees may be provided under this section only for notes and other obligations issued for the purposes of financing activities for the establishment, development, and redevelopment of businesses in tax enterprise zones (as such term is defined section 8007 of this Act), including acquisition of property located within such zones for businesses, providing working capital and capital for start-up costs and inventory, and acquisition, construction, reconstruction, and rehabilitation of structures located within tax enterprise zones for businesses.

SEC. 8053. ESTABLISHMENT OF YOUNG ADULT EMPLOYMENT DEMONSTRATION PROGRAM.

Title IV of the Job Training Partnership Act (29 U.S.C. 1671 et seq.) is amended by adding at the end the following new part:

"PART H—YOUNG ADULT EMPLOYMENT DEMONSTRATION PROGRAM

"SEC. 491. STATEMENT OF PURPOSE.

"It is the purpose of the Young Adult Employment Demonstration program under this part to—

"(1) ensure access to education and job training assistance for youth and young adults residing in tax enterprise zones;

"(2) make provisions for a comprehensive range of education, training, and employment services to disadvantaged youth and young adults in tax enterprise zones who are not currently served or are underserved by Federal education and job training programs;

"(3) enable communities located in or containing tax enterprise zones to establish and meet goals for improving the opportunities available to youth and young adults within the tax enterprise zone; and

"(4) facilitate the coordination of comprehensive services to serve such youth and young adults.

"SEC. 492. PROGRAM AUTHORIZED.

"(a) ESTABLISHMENT OF PROGRAM.—The Secretary is authorized to establish a program of Young Adult Employment Demonstration grants to provide comprehensive services to youth and young adults living in tax enterprise zones.

"(b) ELIGIBILITY FOR GRANTS.—

"(1) RECIPIENTS.—The Secretary may only award grants under this part to—

"(A) the participating community for a target area that is located within a service delivery area; or

"(B) grantees designated under sections 401 and 402, or a consortium of such grantees and the State, when the target area is located in an Indian reservation, Alaskan Native village, or migrant or seasonal farmworker community.

"(2) NUMBER OF GRANTS.—The Secretary may award not more than 50 grants during the first fiscal year the program is authorized.

"(c) RENEWABILITY OF GRANTS.—Grants awarded under this part shall be for a 1-year period and shall be renewable for each of the 2 succeeding fiscal years if the Secretary determines the grant recipient complied with conditions of the grant during the previous fiscal year.

"(d) FACTORS FOR AWARDS.—In awarding grants under this part, the Secretary shall consider the quality of the proposed project, the goals to be achieved, the likelihood of the project's successful implementation, the extent of community support and other Federal and non-Federal funds available for similar purposes, and the new State, local, or private resources.

"(e) SELECTION REQUIREMENTS.—In awarding grants under subsection (b), the Secretary shall not approve an application unless the application contains assurances that the applicant will use funds from a grant to provide job training, education, services, stipends (only to individuals age 17 to 30), and needs-related payments in accordance with sections 493 and 494.

"SEC. 493. APPLICATION.

"(a) ELIGIBILITY TO APPLY.—Participating communities shall be eligible to apply for a Young Adult Employment Demonstration grant under this part.

"(b) CONTENTS OF APPLICATION.—Each participating community desiring a grant under this part shall, through the individuals described in subsection (c), submit an application to the Secretary at such time in such manner and accompanied by such information as the Secretary may reasonably require. Each such application shall—

"(1) include a comprehensive plan for the Young Adult Employment Demonstration initiative designed to achieve identifiable goals for youth and young adults in the target area;

"(2) set forth measurable program goals and outcomes, which may include increasing the proportion of—

"(A) youth completing high school or its equivalent,

"(B) youth and young adults entering into postsecondary institutions, apprenticeships, or other advanced training programs;

"(C) youth and young adults placed in jobs; or

"(D) eligible youth and young adults participating in education, training, and employment services;

"(3) include supporting goals for the target area such as increasing security and safety, or reducing the number of drug-related arrests;

"(4) provide assurances that the conditions set forth in section 494 will be met;

"(5) demonstrate how the participating community will make use of the resources, expertise, and commitment of institutions of higher education, educational agencies, and vocational and technical schools and institutes;

"(6) ensure that all youth and young adults in the target areas have access to a coordinated and comprehensive range of education and training opportunities which serve the broadest range of interests and needs of youth and young adults and simultaneously mobilize the diverse range of education and training providers in the participating community;

"(7) include support services necessary for successful participation by eligible youth and young adults, including child care, transportation, and assistance in resolving personal or family crises such as those related to substance abuse, homelessness, migration, and family violence;

"(8) include a system of common intake, individualized assessment, and case management;

"(9) include an estimate of the expected number of youth and young adults in the target area to be served;

"(10) include a description of the resources available in the participating community from private, local government, State and Federal sources which will be used to achieve the goals of the program;

"(11) provide evidence of support for accomplishing the stated goals of the participating community from—

"(A) local elected officials,

"(B) the local school system,

"(C) postsecondary education and training institutions,

"(D) the applicable private industry council,

"(E) local community leaders,

"(F) business,

"(G) labor organizations, and

"(H) other appropriate organizations; and

"(12) provide assurances that the target area includes, to the maximum extent possible, the poorest neighborhoods in the community, such as those with substantial numbers of public housing facilities.

"(c) SUBMISSION OF APPLICATION.—The application for funds for a participating community may only be submitted to the Secretary by—

"(1) the mayor of a city or the chief elected official in a metropolitan statistical area, after the Governor of the State has had an opportunity to comment on the application;

"(2) the chief elected official of a nonmetropolitan county or the designated chief elected official of contiguous nonmetropolitan counties, after the Governor of the State has had an opportunity to comment on the application; or

"(3) the grantee designated under sections 401 or 402, or jointly by the grantee and the Governor or the State in which such grantee is located, in applications for Native American or migrant or seasonal worker communities.

"SEC. 494. GRANT AGREEMENT.

"Each grant recipient under this part shall enter into an agreement with the Secretary. Each such agreement shall—

"(1) designate a target area that will be the focus of the demonstration project and which shall have a population of not more than 25,000 (or upon approval of the Secretary, a population of not more than 75,000), except that in the event that the population of an area from which a high school draws a substantial portion of its enrollment exceeds this limit, the target area may encompass such boundary;

"(2) contain assurances that funds provided under this part will be used to support education, training, and supportive activities selected from a set of youth program models designated by the Secretary or from alternative models described in the application and approved by the Secretary, such as—

"(A) nonresidential learning centers;

"(B) alternative schools;

"(C) combined summer remediation, work experience and work readiness training, and school-to-work/apprenticeship/post-secondary education program;

"(D) teen parent programs;

"(E) special programs administered by community colleges;

"(F) youth centers;

"(G) initiatives aimed at increased rural student enrollment in post-secondary institutions;

"(H) public-private collaborations to ensure private sector employment and continued learning opportunities for youth; and

"(I) initiatives that combine community and youth service opportunities with education and training activities;

"(3) provide that funds received under this section will be used for services to youth and young adults age 14 to 30 at the time of enrollment;

"(4) contain assurances that the local educational agency and any other educational agency which operates secondary schools in the target area shall provide such activities and resources as are necessary to achieve the educational goals specified in the application;

"(5) contain assurances that the participating community will provide such activities and local resources as are necessary to achieve the goals specified in the application;

"(6) contain assurances that the participating community shall undertake outreach and recruitment efforts in the target area to encourage, to the maximum extent possible, participation by those disadvantaged youth and young adults who are currently unserved or underserved by education and training programs, including targeted measures specifically designed to enlist the participation of minority youth and young adults, particularly males and youth and young adults under the jurisdiction of the child welfare, juvenile justice, and criminal justice systems;

"(7) provide that the participating community will carry out special efforts to establish coordination with Federal, State, or local programs that serve the target population;

"(8) provide assurances that funds provided under this part will be used only to pay the cost of programs and services not otherwise available in the target area and will supplement, and not supplant, funding from other local, State and Federal sources available to youth and young adults in the target area during the previous year; and

"(9) provide assurances that funds provided under this part shall be used to pay stipends for participant support in paid work experience and classroom training programs when such programs are combined with other education and training activities.

"SEC. 495. JOB GUARANTEES.

"(a) PROGRAM AUTHORITY.—The Secretary shall permit a number of the grant recipients under this part to enter into an agreement to provide, in accordance with this section, a job guarantee program to youth meeting prior school attendance and performance standards.

"(b) GUARANTEE AGREEMENTS.—A grant recipient providing a job guarantee program shall enter into an agreement with the Secretary. Such agreement shall—

"(1) provide that the program be available to youth age 16 to 19 who undertake a commitment to continue and complete their high school education;

"(2) require the grant recipient to guarantee employment to each youth undertaking that commitment if such youth meets school attendance and performance standards for the previous school semester, as established by the Secretary in consultation with the Secretary of Education;

"(3) provide that the grant recipient will make additional services available to support the undertaking of any such youth, which shall include counseling, job development and placement, and support services (including child care and transportation);

"(4) specify the conditions under which funds provided under this part may be used to provide wage subsidies of up to 50 percent through employers, which shall—

"(A) encourage subsidies to employers who provide advanced or specialized training, or who provide a structured and integrated learning experience involving the school and employer; and

"(B) limit the duration of such subsidies to not more than 1 year;

"(5) require that the employment provided to any such youth shall not exceed 15 hours per week during the school year;

"(6) permit employment to continue through the summer following high school graduation, or until the youth reaches age 19, whichever is later; and

"(7) contain such other terms and conditions as the Secretary requires by regulation.

"(c) SELECTION OF GRANT RECIPIENTS.—In determining which grant recipients to permit to enter into an agreement under this section, the Secretary shall seek to target funds to high poverty areas.

"(d) YOUTH ELIGIBILITY.—All youth age 16 to 19, regardless of income, residing in the eligible high poverty area shall be eligible to participate in the job guarantee.

"(e) PRIVATE FUNDS.—Nothing in this section shall be construed to prohibit the grant recipient from raising funds to augment such grant if such funds are utilized under the conditions of this grant, except that such funds shall not be used for administration purposes.

"SEC. 496. PAYMENTS AND MATCHING REQUIREMENT.

"(a) PAYMENTS.—In any fiscal year, the grant awarded under this part to a grant recipient shall be determined according to the amount to be provided for the program pursuant to designation of the program as a selected program under an application made on behalf of a tax enterprise zone under section 8005 of the Revenue Act of 1992, and shall be of sufficient size and scope to carry out an effective program.

"(b) MATCHING REQUIREMENT.—A grant recipient shall provide non-Federal funds in an amount equal to 10 percent of the funds from such grant, an in-kind contribution equivalent to such percent (as determined by the Secretary), or a combination thereof.

"SEC. 497. REPORTING.

"The Secretary is authorized to establish such reporting procedures as necessary to carry out the purposes of this part.

"SEC. 498. FEDERAL RESPONSIBILITIES.

"(a) ASSISTANCE IN IMPLEMENTATION.—The Secretary shall provide technical assistance in the implementation of this project in participating communities.

"(b) INDEPENDENT EVALUATION.—The Secretary shall provide for a thorough, independent evaluation of the activities assisted under this part. Such evaluation shall include an assessment of—

"(1) the impact on youth and young adults residing in target areas, including their rates of school completion, enrollment in advanced education or training, and employment;

"(2) the extent to which participating communities fulfilled the goal of guaranteeing access to appropriate education, training, and supportive services to all eligible youth and young adults residing in target areas who seek to participate;

"(3) the effectiveness of guaranteed access to comprehensive services combined with outreach and recruitment efforts in enlisting the participation of previously unserved or underserved youth and young adults residing in target areas; and

"(4) the effectiveness of efforts to integrate service delivery in target areas, including systems of common intake, assessment, and case management.

"(c) REPORT.—The Secretary shall prepare a report describing the results of the independent evaluation conducted pursuant to subsection (b).

"(d) RESERVATION OF FUNDS.—The Secretary may reserve not more than 5 percent of the amounts to be used for assistance under this part in each fiscal year to carry out the provisions of this section.

"SEC. 498A. DEFINITIONS.

"For the purposes of this part—

"(1) The term 'participating community' means—

"(A) a city, when referring to an urban area that is located within or contains a tax enterprise zone;

"(B) a nonmetropolitan county or contiguous nonmetropolitan counties, that is located within or contains a tax enterprise zone; and

"(C) a section 401 or 402 grantee, or consortia of the State and section 401 or 402 grantee, when referring to Indian reservation, Alaska Native village, and migrant or seasonal farmworker community, that are located within or contain a tax enterprise zone.

"(2) The term 'high poverty area' means (A) an urban census tract, a nonmetropolitan county, an Indian reservation, or an Alaskan Native village, with a poverty rate of 30 percent or more as determined by the Secretary based on the latest Bureau of the Census estimates, or (B) a migrant or seasonal farmworker community.

"(3) The term 'target area' means a high poverty area (or portion thereof) or set of contiguous high poverty areas, that is located within a tax enterprise zone and will be the focus of the program under this part in a participating community.

"(4) The term 'tax enterprise zone' has the meaning given the term in section 8007 of the Revenue Act of 1992.".

TITLE IX—APPROPRIATION OF ADDITIONAL ASSISTANCE FOR TAX ENTERPRISE ZONES

SEC. 9001. APPROPRIATION OF ADDITIONAL ASSISTANCE FOR TAX ENTERPRISE ZONES.

The following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1993, to implement an initiative to improve the quality of life and expand economic opportunity in 16 urban and rural tax enterprise zones, namely:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

URBAN ENTERPRISE COMMUNITY BLOCK GRANT

For grants to States and units of general local government necessary for implementing activities to rejuvenate neighborhoods in eight urban tax enterprise zones as authorized under title VIII of this Act, $384,800,000, to remain available until September 30, 1994.

DEPARTMENT OF AGRICULTURE

FARMERS HOME AND RURAL DEVELOPMENT PROGRAMS

RURAL ENTERPRISE COMMUNITY BLOCK GRANT

For grants to States and units of general local government necessary for implementing activities to promote rural development investments in eight rural development investment zones as authorized under title VIII of this Act, $96,200,000, to remain available until September 30, 1994.

DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For an additional amount for "Salaries and Expenses, United States Attorneys", $4,000,000, to remain available until September 30, 1994, for the offices of the United States Attorney to assist local law enforcement agencies in tax enterprise zones and for additional coordination of Federal law enforcement and prosecutorial activities within such zones as authorized under section 8031 of this Act.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

For an additional amount for "Payment to the Neighborhood Reinvestment Corporation", $5,000,000, to remain available until September 30, 1994, for activities authorized under section 8032 of this Act.

SMALL BUSINESS ADMINISTRATION

MINORITY ENTERPRISE BUSINESS INVESTMENT COMPANIES

To provide assistance to companies operating under authority of section 301(d) of the Small Business Investment Act of 1958 which are organized for the purpose of financing small business concerns located within tax enterprise zones, $10,000,000, to remain available until September 30, 1994, as authorized under section 8033 of this Act.

SEC. 9002. PROGRAM PERFORMANCE REPORTS.

The interagency council established under section 8006 of this Act shall submit quarterly reports to the House and Senate Committees on Appropriations outlining the status of each appropriation made under section 9001. Such report shall include the location of each tax enterprise zone established under this Act, the amounts allocated to each tax enterprise zone under each program, the amounts obligated under each program to date, a schedule for obligation of the remaining funds, and a "before and after" program performance status report for each tax enterprise zone stating the quantifiable goals to be achieved and performance to date against those goals.

SEC. 9003. APPROPRIATED AMOUNTS CONSIDERED AS DISCRETIONARY SPENDING.

All amounts of new budget authority and outlays under this title shall be considered discretionary appropriations, notwithstanding section 2 of this Act and for all purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, and shall not be considered direct spending or receipts for any purpose of that Act.

The SPEAKER pro tempore (Mr. LANCASTER). Pursuant to the rule, the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 20 minutes, and the gentleman from Texas [Mr. ARCHER] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 11, the bill now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 11, the Revenue Act of 1992. The people of this country are crying out to us, their Government, to stop the bickering, stop the gridlock, and be responsive to their needs. This bill is a bipartisan response to that cry. I urge my colleagues to support it enthusiastically, and I urge the President to sign it.

Mr. Speaker, H.R. 11 would provide significant relief to distressed areas, both urban and rural. It would extend several expiring tax provisions permanently and other expiring provisions for 18 months. It would include some important provisions previously passed by the House of Representatives and some passed by various subcommittees of the Committee on Ways and Means; and it would raise sufficient revenue to maintain deficit neutrality over the next 6 years.

More specifically, H.R. 11 would establish procedures for the designation of 50 tax enterprise zones—25 urban enterprise zones and 25 rural development investment zones. Zones could be designated through 1996 and, once designated, would be in effect for 15 years.

Special tax incentives would be available to businesses within each enterprise zone including a wage credit of 15 percent on wages up to $20,000 paid to each of their employees who lives and works within the zone.

Small businesses within a zone that meet certain requirements would be al-

lowed additional expensing for purchases of equipment. More favorable loss deductions would be available for certain property and ownership interests in zone businesses. The rules for tax-exempt bound financing would be liberalized to expand zone businesses' access to capital.

Individual investors could defer tax on capital gains earned within the zone as long as they reinvested the proceeds in the zone, and could exclude 50 percent of capital gains on sales of certain new zone assets after a 5-year holding period. Finally, individuals who do not elect the capital gains exclusion could deduct up to $25,000 per year for the purchase of stock in a zone business.

H.R. 11 would also increase the Federal share of spending on the Job Opportunity and Basic Skills [JOBS] Program and would facilitate the States in obligating funds carried over from prior years. It would make more flexible jobs program participation rules for students.

The bill would also include the administration's proposal to permit State governments to exclude certain assets from AFDC limits in order to promote self-sufficiency among beneficiaries.

H.R. 11 would also provide for the permanent extension of the low-income housing credit, the targeted jobs credit, qualified mortgage bonds and mortgage credit certificates, and qualified small-issue bonds. Other expiring tax provisions would be extended for 18 months, that is, through December 31, 1993. These include the R&D credit, educational assistance, group legal services, and the minimum tax exemption for gifts of appreciated property.

The bill also provides for $2½ billion in block grants for the most distressed urban and rural areas of our country. This will enable additional domestic spending on vital social programs and law enforcement efforts within enterprise zones.

H.R. 11 includes many provisions previously passed by the House of Representatives, previously proposed by President Bush, and previously included in Republican substitutes to a variety of bills reported from the Committee on Ways and Means.

In this regard, the bill would relax the rules that apply to passive real estate investments, and would repeal the luxury tax on boats, airplanes, jewelry, and furs. In addition, the bill includes several provisions that were part of President Bush's original seven point economic program including passive loss relief for real estate, relief from the minimum tax for capital-intensive companies, and encouragement for pension plan investment in real estate.

Mr. Speaker, much misinformation has been passed around this Chamber about the so called intangibles legislation contained in this bill.

This bill provides major simplification regarding the tax treatment of intangibles. It provides that for newly acquired assets, all intangibles will be amortized over 14 years. It does not give a windfall for any past activities—including any mergers and acquisitions. It is only for the future.

And the provision is fair for the future. It eliminates much controversy today that is taking time of both companies and the IRS. It does this in a way that increases the write-off period for some assets and decreases it for others. The net simplification is revenue neutral and fair.

The bill also includes a package of more than 100 provisions that will simplify and streamline the tax-paying process for millions of taxpayers.

The bill provides for many technical corrections in the areas of tax, Social Security, human resources, and trade. Many of these provisions were included in H.R. 1555, which overwhelmingly passed the House last November.

The taxpayer bill of rights is also included in the bill. This would result in improved fairness in transactions between the IRS and the taxpaying public.

In order to finance the bill, H.R. 11 would require securities dealers to mark-to-market any securities held for inventory; would change the rules by which individuals and corporations pay estimated taxes; would deny the so-called double dip by savings and loans; would extend the higher current tax rates on the largest estates; and would cap allowable deductions for moving expenses at $5,000; along with several other miscellaneous provisions.

Mr. Speaker, I am sincerely hopeful that the President will sign this critically important bill. Several of the revenue raisers contained in the bill have been included in the President's budget and various Republican substitutes. In the interest of constructing a bill that the President can sign, the Ways and Means Committee was very careful to include the least controversial revenue raisers possible.

Mr. Speaker, I urge passage of H.R. 11 because it would do a great deal of good for a great number of Americans. I urge the support of my colleagues because more than the substantive policy contained in the bill is at stake. Also at stake is the ability of this institution to govern in the best interests of our constituents—the American people. As substantively important as this bill is, it is equally important that we demonstrate to our constituents, and to ourselves, that we can legislate and govern in their interest. H.R. 11 deserves strong bipartisan support, which I urge upon all my colleagues, and on the President of the United States.

□ 1550

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in what I have to admit is a somewhat reluctant support of H.R. 11. I am reluctant because, while I am committed to helping this legislation move forward to the Senate, I have strong personal reservations about a number of its provisions. In normal circumstances, those reservations would cause me to oppose the bill. But these are not normal circumstances.

Chairman ROSTENKOWSKI has pointed out a number of the very positive provisions the bill contains—and it is a mixed bag. I agree that there is much good in it.

A key element of this bill is the President's enterprise zone program which he and its strongest proponent—my friend, HUD Secretary Jack Kemp—feel strongly must be given a chance to become law. I am pledged to help them in this step in that effort, and I intend to vote for this bill that will move the process forward to the Senate.

I must point out, however, several other provisions of H.R. 11 which I hope will be addressed by the Senate—and which must be addressed by the eventual conference committee on the bill if I am to support the final conference report.

In its present form, H.R. 11 would cause an entitlement sequester—principally Medicare—of nearly $8.5 billion in fiscal years 1993 through 1995. That has to be corrected in conference. I have been told that it will be vetoed. If it does not meet year by year pay-go requirements of the Budget Enforcement Act.

The country's poorest and bleakest areas deserve our attention—but they need the right kind of attention.

That is why I am disappointed that the incentives in the original administration proposal for revenue zones has been watered down to where it will not take the type of effect that I would like to see it take.

It extends other provisions for 18 months and extends one for 6 months. This to me is somewhat of an inequity, where some are picked and chosen and others are not given the same treatment.

In what can be viewed as a rebuke to small business owners, the Ways and Means Committee decided to retain for 5 additional years a 55 percent estate tax minimum rate. It is actually 60 percent effectively for some taxpayers. This was scheduled to phase down to 50 percent in 1985 and has been frozen at the instance of the majority year after year.

Confiscatory estate taxes deter capital formation and entrepreneurial business growth, and unfairly penalize small family businesses.

In addition, H.R. 11 imposes a $5,000 ceiling on the deduction of moving expenses. This averages, I am told, for families in this country $11,000. These families earn on average $30,000 in taxable income. This is an increase in

their tax bill frequently where they have to move to change locations to find a new job.

One of the bill's other revenue sources is a change in estimated tax safe harbor rules for individuals.

□ 1600

It does correct last year's complex mess, but the price for corrections is that all taxpayers, even those under $75,000 now must pay 115 percent of last year's tax liability in order to take the safe harbor. It lengthens the depreciation for commercial property from 31½ years to 40 years, and that is extremely counterproductive of what we are trying to do, to stabilize real estate values.

Individual Members may not like the tax incentives that were provided by the Federal Government as part of the thrift acquisition, but they were in place. Mr. Speaker, we can question whether those tax provisions were too liberal at the time, but they were on the books when these S&L's were acquired. They were taken into consideration by the acquirer. Now to retroactively pull those out is really bad tax policy. It sets an awful precedent.

I also disagree with the provisions in H.R. 11 dealing with Suter versus Artist M., the Supreme court decision, because it perhaps unintendedly, but as I read it, promises the right to sue if any State plan requirement is not met. I think that is dangerously broad. There are literally hundreds of State plan requirements in the programs established by the Social Security Act, and beneficiaries, if they feel they have not gotten the benefit of those, can now sue the State. It opens the State up to tremendous litigation.

It is clear that I am uncomfortable with many of the provisions in the bill, but I will vote for it because I believe it needs to be moved forward, and I hope these can be corrected by the Senate or in conference.

Mr. Speaker, I reserve the balance of my time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. WATERS].

Ms. WATERS. I thank the chairman for yielding.

Mr. Speaker, I rise in support of this legislation. I support this legislation because the cities are in trouble. My own community is in trouble. We are desperate for help.

I support enterprise zones as an experiment. I am not sure that they will work. I know that I have worked on this bill to create some funding for social programs and not simply have an enterprise zone that would simply give tax credits to the corporations. We have covered in this legislation job training, we also have community policing, child care investments and public housing, low-interest loan guarantees for cities. Is it enough? No, it is not. It is $2.5 billion. I think we need somewhere in the neighborhood of $30 billion to $40 billion to $50 billion to deal with the problems of the cities. Perhaps this is a beginning.

I want to say to the President of the United States of America he has got his enterprise zones. He has been able to give a whole lot of tax credits. We have created a new concept about what enterprise zones should be, by putting these social programs in here.

We need more money, we need more support. I have created a new program that will give stipends to young people from 17 to 30 who are in training, perhaps with support for the first time. Is it enough? No. Is it a beginning? Perhaps yes.

I am going to be watching this bill as it goes through the other body and when it comes back here with a conference report, to make sure that the money is in here for us to fund these programs. If it is not, I am not going to support a conference report.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. I thank the committee chairman for yielding this time to me.

Mr. Chairman, I would like to ask the chairman of the committee, the gentleman from Illinois [Mr. ROSTENKOWSKI], with regard to the taxpayer bill of rights that is included in H.R. 11, is it your understanding that the mitigation statutes of the Tax Code should be construed to do equity for taxpayers? More specifically, in a case where there has been an agreement, such as a form 870–AD waiver of restrictions on assessments, signed by the Secretary and by any person, which provides that the liability under the agreement will not be reopened in the absence of fraud, malfeasance, or misrepresentation of fact, is it your understanding that the Internal Revenue Service is not precluded from considering such an agreement as a determination under section 1313 of the Internal Revenue Code if it is satisfied that the Government's interests are adequately protected?

Mr. ROSTENKOWSKI. Mr. Speaker, if the gentleman will yield, yes, that is my understanding.

Mr. ROSE. Mr. Speaker, I thank the chairman of the committee, and I urge all of my colleagues to support H.R. 11.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SCHULZE], a member of the Committee on Ways and Means.

Mr. SCHULZE. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in moderate support of the Revenue Act of 1992, H.R. 11.

My support is tempered by the knowledge that this is likely the last tax bill on which I will vote as a Member of Congress. This being the case, I certainly wish this bill addressed the real long-term economic reality of the American economy. Unfortunately, it does not.

H.R. 11 is another patchwork of tax provisions that could be described as confusing, obsolete, revenue grabs or special interest related. However, it is probably the best our divided Congress could do in a Presidential election year. This measure, my colleagues, is another indication of why the American people are fed up with Congress. Rather than developing a tax bill to stimulate the economy, to reduce the deficit, or to address fundamental flaws in our corporate tax system, we are again passing the buck on to the people and the bucks, as in dollars, to the tax lawyers.

While I do not much care for this bill, there are several items of note I'd like to recognize. First, essential changes in the alternative minimum tax will simplify corporate taxation and make our tax code more equitable for capital intensive businesses.

Second, the taxpayer bill of rights provisions from our oversight subcommittee clearly take another step forward in ensuring the IRS treats American taxpayers more fairly. We codify the portillo decision and improve citizen access to fair IRS treatment.

Finally, after years of foot-dragging, this measure calls for fair revisions to the passive-loss rules providing some relief to a beleaguered real estate industry. I hope this is not another example of the old adage—too little, too late.

In closing, Mr. Speaker, it is finally gratifying to see Congress acknowledge the need for enterprise zones. While the provisions are too limited for my liking, the compromise reached with the administration may bring prosperity to our blighted urban areas.

Having initiated enterprise zone legislation in the early 1980's with HUD Secretary Jack Kemp, I am glad to see that hope for Philadelphia, and especially Chester, PA, may be just around the corner. If we had acted 10 years ago, rather than today, perhaps urban decay in America would be a nightmare rather than reality.

To the people of our great Nation, to my constituents and to the people of Chester, I say this is not close to the best we can do—but it is about all that we can do this year.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. I thank the gentleman for yielding this time to me.

Mr. COUGHLIN. Mr. Speaker, would the gentleman from New York yield for just a moment?

Mr. RANGEL. I yield to the gentleman from Pennsylvania.

Mr. COUGHLIN. I thank the gentleman for yielding.

Mr. Speaker, I just wanted to confirm that the Weed and Seed Program

has a law enforcement component as well as a seed component, is that correct?

Mr. RANGEL. No question about it. But that specific program is not in the legislation before us today. The Weed and Seed Program at Justice is not part of this bill.

Mr. COUGHLIN. I thank the gentleman.

Mr. RANGEL. But no question about it.

Mr. Speaker, let me say this, that this is a great opportunity for America to see what can work in the cities. It is when Republicans and Democrats, together recognize that we are paying over $300 billion a year in lost productivity, unnecessary health costs, drug treatment, exorbitant rates of incarceration and millions of people without jobs that we see this bill is nothing if we just talk about 50 enterprise zones. But this bill gives us an opportunity to start, for the first time investing in people, keeping our kids in school, giving them job training and giving them an opportunity to earn a living and become a part of the American dream. There are people who are talking about too much juice for the corporations. Let me explain this: That the corporations cannot get a tax credit unless, first, they go into the zone, second, they have a business, they hire people, and third, they are successful and they make a profit. Then and only then do you have a revenue shortfall. And if that shortfall is made by kids having a job, then I say it is worth it. It costs a heck of a lot less than sweeping up kids and putting them in jail. This bill is an experiment, an American experiment in the true spirit of our people.

I want to thank DAN ROSTENKOWSKI, who provided the leadership and took the risk. That is all that this is. Maybe on this side we will not have to use terms like weed and seed and enterprise zones; we will do it because it is the right thing to do.

□ 1610

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa [Mr. LEACH].

Mr. LEACH. Mr. Speaker, I rise to note my skepticism on the pure good will provision of the bill.

Mr. Speaker, this measure has a number of extraordinarily positive features—such as enterprise zones—but I have to object as strenuously as possible to one ill-conceived provision: The reversal of long standing tax policy implicit in the establishment of a new tax deduction for purchased goodwill. The effect of this change in accounting for goodwill is to provide greater incentives for conglomeration, by creating, in effect, another egregious taxpayer subsidy for corporate takeovers.

There is a tendency in modern American politics to exaggerate perspective by hyperbolic rhetoric. Hence, an interpreter of modern international relations recently underscored his view of the impact of the dissolution of the Soviet empire by entitling an essay: "The End of History." At the risk of greater hyperbole, it is my view that for a Democratically controlled Congress to capitulate to the apostles of greed and, in an era of gaping deficits, provide a new tax loophole for corporate raiders symbolizes the end of liberalism.

American democracy is premised on free enterprise and the precept that citizens can be expected to have an economic as well as political stake in our society. The problem with this seemingly obscure tax deduction for purchased good will is that it gives incentives for the consolidation of old assets, not creation of new societal wealth, for the narrowing rather than widening of ownership of America. It is a ripoff for investment bankers, a tax break for those least in need.

By impelling takeovers of established businesses instead of providing incentives for entrepreneurial investment in new endeavors, it stultifies prospects for recovery and undercuts economic growth.

If this bill passes, as I assume it will overwhelmingly, I expect to work with the gentleman from Tennessee [Mr. COOPER] to move expeditiously to seek legislative reversal of this breach of faith with the American liberal tradition.

What Congress should be doing is ending the tax deductibility of interest when applied to takeovers of large corporations rather than adding new incentives to conglomerate. It is the middle-class taxpayer, not the Wall Street investor, the producer of goods and services, not the manipulator of financial paper that deserves a break. American priorities must be righted.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. MCGRATH], a member of the Committee on Ways and Means.

Mr. MCGRATH. Mr. Speaker, I rise in support of H.R. 11.

Mr. Speaker, this is the last best chance that we have to get some provisions into the law which most of us agree would be beneficial to our economy. We have already articulated the benefits of the enterprise zone legislation part and parcel of this bill. I would like to dwell, if I might, on the minigrowth package in this bill. That would be the extension of the expiring tax credit provisions.

Mr. Speaker, this bill permanently extends the low income housing tax credit, the targeted jobs tax credit, the mortgage revenue bond tax credit, and the small issue IDB tax credit. It extends for 18 months provisions of the R&D tax credit, the educational assistance tax credit, the legal services tax credit and the 25-percent deduction for those who purchase their own health insurance. For the real estate industry that needs to be stimulated it restores the passive loss deduction. It repeals the luxury tax that we enacted some years ago which has been such a burden to small businesses.

All this is vis-a-vis some tax revenues that some of us do not like, some tax raisers there that some of us do not like, but which the administration has supported from time to time in their budget submissions.

On balance, Mr. Speaker, this is a good bill which needs to be perfected but which needs to be passed out of this House today so that the Senate and the conference can do its deliberations.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. JENKINS].

Mr. JENKINS. My colleagues, I rise in support of this measure. I think this is the last opportunity that we will have in this Congress to extend some of the expiring tax provisions that have been mentioned, primarily the R&D tax credit, the tax credit for low-income rental housing, the targeted jobs credit, which is so important throughout the country, the qualified mortgage bonds and mortgage credit certificates and the qualified small issue bonds.

In addition to these expiring provisions, Mr. Speaker, we are extending for a shorter period of time the R&D tax credit, as well as the self-employment opportunity to deduct for health insurance, which I think should be made permanent, but we are extending it for 6 months.

Now, if we do not do this, then we shall not have the opportunity during this session to extend these expiring provisions.

Obviously each of us can find something wrong, if we want to, in this bill. We can find something that we do not like. But there are so many good things in this bill, and, second, this is a bill that will be signed by the President.

So, I urge my colleagues on both sides of the aisle to make certain that we pass this bill under suspension so that we can get it on over to the Senate and get it to the President. I say to my colleagues, "I urge your support of this H.R. 11."

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. LAGOMARSINO].

Mr. LAGOMARSINO. Mr. Speaker, I rise in support of the important tax credits that are extended in H.R. 11. I also applaud the repeal of the so-called luxury tax that has cost so many jobs, especially in the boating industry.

It is long past time that permanent status was given to the tax credits for targeted jobs, low-income housing, mortgage revenue bonds, and small issue industrial development bonds. All of these tax credits are very important for individuals and businesses in California.

For example, the mortgage revenue bond program has raised millions of dollars to help bring the American dream within reach for tens of thousands of low- and moderate-income first-time homebuyers in California. Also, in California at least 60 percent of mortgage revenue bond proceeds must be used for new construction, creating jobs while also combating the high cost of homeownership.

I am also very supportive of the 18-month extensions for tax credits for research and de-

velopment, employer-provided education, employer-provided legal services, and for charitable contributions of appreciated property. However, I believe that these credits, as well as the deduction for the cost of health insurance for our Nation's self-employed individuals, should be made permanent, too.

I also strongly support the repeal of the so-called luxury tax. I voted against the tax in 1990, and I will vote today for its repeal. This tax has not raised revenue, but has actually cost the Federal Government money. More importantly, the tax has cost the American economy thousands of jobs.

While I am encouraged by the committee's acknowledgement of the need for enterprise zones to help revitalize our Nation's economically depressed areas, I am disappointed that the proposal contained in this bill is weaker, and I believe will be less effective, than the enterprise zones being pushed by President Bush and HUD Secretary Jack Kemp.

Also, though I remain opposed to the current estate tax law, which is extended in this bill, I believe that the jobs and opportunities created by other provisions in H.R. 11 deserve support.

I urge my colleagues to join me in supporting H.R. 11.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. SUNDQUIST], a member of the Committee on Ways and Means.

Mr. SUNDQUIST. Mr. Speaker, I rise in support of H.R. 11. It has many features that have been described already that are important to this country: enterprise zones, passive loss, taxpayers bill of rights, and a number of other very important provisions.

Now it is not perfect, as the gentleman from Texas [Mr. ARCHER] said earlier, but I think it does contain some reasonable compromises, and I am hopeful that it will come back from the Senate and that in the conference it will be made even better.

So, I urge my colleagues to vote aye on this H.R. 11 piece of legislation.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. GUARINI].

Mr. GUARINI. Mr. Speaker, I rise in support of this bill. It contains many proven programs that will help our economy.

One provision that I want to call special attention to is the 18-month extension for educational assistance, a program that provides educational opportunities for working families. I would prefer to make it permanent. There was a bill that had 315 sponsors to do so. Hopefully this will happen in the future because we have to give more certainty to the people who are seeking education where they know where they stand year after year.

The bill also contains provisions to stop savings and loan operators from double dipping. Billions of dollars in tax writeoffs have gone to savings and loan operators who have been taking tax deductions when they have not lost any money. They have unfairly gained in this system, and that will stop.

Also in this bill is a number of extenders. They are the building blocks of our economy.

In the bill is help for our inner cities by urban enterprise zones and a comprehensive Weed and Seed Program that was referred to by the gentleman from New York [Mr. RANGEL].

I urge support of the bill. It is a good bill on balance.

A young man hired at a company as a messenger is now working as an officer of that same company. A mail clerk has been promoted through the ranks to become vice president.

Sound implausible? It's not. These people are but two examples of the effectiveness of section 127—the income exclusion for employer-provided educational assistance.

Mr. Speaker, and distinguished colleagues—H.R. 11 contains an 18-month extension for this valuable provision which provides educational opportunities for hard-working Americans across our Nation.

The exclusion for employer-provided educational assistance ensures that workers are not taxed on the value of educational assistance provided by their employers. In this way—it opens the door for low-skill employees to gain the credentials that will enable them to advance from minimum-wage—minimum-skills jobs—into positions with a future.

The program is a unique partnership between the business community—workers—Government—and the educational community.

The workers who benefit from this provision are the ones who need it most—that 71 percent who earn less than $30,000 a year. And section 127 programs are already successfully in place in companies throughout the Nation.

The section 127 exclusion for employer-provided educational assistance is proven program—and it is particularly vulnerable to interruptions in status. For this reason—I had hoped that we would be able to make it permanent in this bill.

This was not possible—but I am hopeful that in the future—Congress will see fit to remove the potential for disruptions from this program—and provide more certainty to the workers who are trying to pursue an education. I might add that 315 Members of the House have already indicated their support for permanent status by cosponsoring legislation to make section 127 permanent.

The legislation before us today also contains my provision to stop S&L operators from double-dipping in the taxpayers pockets—that is taking tax deductions when they have not lost any money.

The S&L crisis is the biggest financial disaster in our Nation's history. The Government and the American taxpayers have already lost billions through this scandal. We can't change that—but at least—with this legislation—we are ending a tax abuse which is further bleeding the Treasury.

I have been fighting for over 1½ years to stop this double-dipping and I am delighted that my provision has been included in this bill. This will save the taxpayers several billion dollars.

Elimination of the double-dip is a real victory. Special interests must not be allowed to rip off the public.

Mr. Speaker, and distinguished colleagues—I urge your support for H.R. 11—its important provisions for employee education—the many other extenders that are the building blocks for our economy—and stopping the taxpayer ripoff by S&L operators.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky [Mr. BUNNING], a member of the Committee on Ways and Means.

Mr. BUNNING. Mr. Speaker, I rise in strong support of H.R. 11.

Mr. Speaker, I am thrilled that we have, at long last, gotten the enterprise zone concept off the ground and gotten it moving. And I urge my colleagues to support this bill.

I have been a big supporter of enterprise zones for many years. In fact, I helped enact a State enterprise zone program when I was in the Kentucky State Senate—and we have proven that it works on the State level.

Finally, we are putting the power and the purse of the Federal Government to work—in a long-term productive program—to stimulate the most economically stagnant areas of our Nation and get them back into production.

This is no sunshine cure-all—we are not throwing a fist full of money at a problem and then turning to other things as the Federal Government tends to do too often. This is more than a short-term reaction. This is a long-term commitment to growth and productivity in inner cities and bypassed rural areas alike.

And the amazing thing is that there are other features of this bill—over and above the enterprise zone section—that are very worthwhile and deserve support in their own right.

This bill includes a permanent extension of the research and development tax credit and the exclusion for employer-provided educational assistance, as well as the low-income housing tax credit, targeted jobs tax credit, and mortgage revenue bonds.

Also, this bill repeals the ill-advised luxury tax that was enacted in 1990. The luxury tax was a mistake from the beginning and this action to repeal it is simply recognition of that fact. It was designed to sock it to the rich but instead the luxury tax put thousands of working men and women out of work. This bill says "Good riddance" to a bad tax.

On a personal basis, I am very happy to see this bill include two matters that I have been working on quite a bit over the past year, the taxpayers bill of rights and amendments to the deceptive mailings act.

The taxpayers bill of rights provisions in the bill will provide much-needed protection for the Nation's taxpayers in their dealings with the IRS. The establishment of an independent taxpayer advocate should be a major step in the right direction. At long last, the individual taxpayer will have someone to help fight the tax man.

As the ranking Republican on the Social Security Subcommittee, I was also particularly gratified to see the amendments to the Deceptive Mailing Practices Act included in this bill. It is much needed. Cheating senior citizens out of their money with fear and lies is a major growth industry in our country. Hopefully, these amendments which toughen the civil penalties for misleading fund raising solicitations will help alleviate the problem.

Putting some teeth in the law should make the merchants of fear think twice.

In all, it is a very good bill. And to top it off, it is all revenue neutral. You can't beat that.

I urge my colleagues to join me in supporting this bill.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. GRADISON], a respected member of the Committee on Ways and Means.

Mr. GRADISON. Mr. Speaker, as this bill came from the Committee on Ways and Means, it provided a waiver from the provision of the Budget Enforcement Act of 1990. I am happy to report to my colleagues that the measure on which we will actually vote today will not have that waiver included. I am aware that there has been great concern among Members on both sides of the aisle about that provision, since in its present form this bill does not meet the requirements of the Budget Act on a year-by-year basis. Under the circumstances, with the Budget Act waiver removed, there is absolutely no question in the mind of this Member that the conference report, when it comes back to us, will be so crafted as to prevent a sequester by meeting the requirements of the Budget Enforcement Act of 1990.

Under those circumstances, Mr. Speaker, I am enthusiastically supporting this measure, and I want to especially thank the gentleman from Texas [Mr. ARCHER], the gentleman from Illinois [Mr. ROSTENKOWSKI], and the distinguished majority leader, the gentleman from Missouri [Mr. GEPHARDT] for their assistance in reaching this result.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Speaker, I rise today in support of H.R. 11, the Revenue Act of 1992. I particularly want to call the Members' attention to title V of this bill, the taxpayer bill of rights 2. This is a most important provision which will be of genuine assistance to the average taxpayer who is honestly trying to comply with the tax law, but who somehow slips through the cracks of the tax system.

The very first provision of this taxpayer bill of rights establishes a new position of taxpayers' advocate within the IRS. This advocate is to be nominated by the President and confirmed by the Senate. The advocate is required to report to the Congress, so that we who are held accountable for the actions of the IRS, might better know what is going on down there. The advocate is required to make these reports directly to the Congress so that his voice on behalf of the everyday-working American taxpayer will never be swallowed up in the halls of the IRS bureaucracy.

Mr. Speaker, in addition to creating the position of taxpayer advocate, this bill makes changes in over 40 different areas of tax administration. As my time is short, I will share with the Members just some of the most important of these new taxpayer safeguards. The bill before the House today:

First, it establishes a taxpayers' advocate, nominated by the President, confirmed by the Senate, and reporting directly to the Congress, with expanded authority to issue taxpayer assistance orders to force the IRS to act on behalf of taxpayers;

Second, it allows the Federal courts to hold IRS employees personally liable if the court finds that the proceeding against a taxpayer resulted from any arbitrary, capricious, or malicious act of the IRS employee. It further allows a taxpayer to sue the Government for up to $1 million for damages resulting from an IRS employee's reckless or intentional disregard of the tax laws or regulations.

Third, it provides relief in case involving temporary and proposed regulations, by limiting the circumstances under which these regulations are given retroactive effective dates.

Fourth, it requires that if a taxpayer asserts a reasonable dispute about the accuracy of an information return, the IRS must take reasonable steps to determine the validity of these returns, and present reasonable evidence supporting any tax deficiency based on the information return. This provision helps taxpayers in cases similar to the situation addressed by the Federal court in the Portillo decision.

Fifth, it provides additional notice and protection for taxpayers who are determined to be responsible officers in Federal tax deposit situations;

Sixth, it improves installment agreements by requiring prior notice of their cancellation, allowing for administrative appeals, and suspending certain penalties while they are in effect;

Seventh, it expands the authority of the IRS to abate interest payments and gives taxpayers 45 days after receiving a notice of additional tax due to pay the tax without further interest;

Eighth, it improves the procedures concerning liens, levies, and offers-in-compromise;

Ninth, it requires the inclusion of the payer's telephone number on information returns, and gives the taxpayer a civil cause of action if an information return is fraudulently filed;

Tenth, it requires the IRS to improve its forms and notices concerning changes of address, divorce, and the payment of employee withholding and payroll taxes;

Eleventh, it requires the IRS to study and report on better ways to serve taxpayers with special needs, the taxpayer rights education program, and the misconduct of IRS employees, and also requires the IRS to conduct a pilot program for taxpayer appeals of collection and enforcement actions;

Twelfth, it requires the GAO to study and report on the accuracy of IRS forms and notices, and the operations of the IRS employee suggestions programs.

Mr. Speaker, I support H.R. 11, and I think this taxpayer bill of rights is one of the most important aspects of this bill. At a time when partisan passions are running high, this taxpayer bill of rights is the result of true bipartisan work. As part of an earlier tax bill, it has already been given favorable consideration by the Senate. I recognize that this is not the cure for all taxpayer problems, and I know our efforts to protect the legitimate interests of taxpayers are by no means over. But, this is a good, responsible package and I strongly urge that it be favorably acted upon today.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs KENNELLEY. Mr. Speaker, I rise today in strong support of H.R. 11.

Are you one of the 401 cosponsors of my legislation to make the Mortgage Revenue Bond Program permanent? If so, you should support H.R. 11.

Have you cosponsored legislation to extend the low-income housing credit, the targeted jobs tax credit or small-issue bonds? In an effort to help your cities, these important programs would be made permanent. So if you want to help the cities, you should support H.R. 11.

Other important extenders like the research and development, gifts of appreciated property, employer provided educational assistance, and group legal services, would be extended for 18 months. If you support these extenders, you should support H.R. 11.

In addition, this bill contains a compromise enterprise zone proposal. While many of you ultimately may not like this proposal, let me say this is a concept I have supported for many years. Let's give this idea a chance.

Support H.R. 11.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Rhode Island [Mr. MACHTLEY].

Mr. MACHTLEY. Mr. Speaker, I rise in strong support of this bill. It is the end of the luxury tax.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. SANTORUM].

Mr. SANTORUM. Mr. Speaker, I rise in support of the bill.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. SHAW], a member of the Committee on Ways and Means.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in support of H.R. 11, the Revenue Act of 1992. Although there are many worthy provisions in this bill, I would like to call to my colleagues' attention one provision that I have long advocated—the repeal of the

so-called luxury tax on boats costing over $100,000.

Mr. Speaker, repeal of this onerous tax means jobs, jobs, jobs for the tens of thousands of unemployed boatworkers who were thrown out of work by this tax and a lingering recession. Passage of this bill will be a significant shot in the arm for our Nation's boat building industry, which is in a severe slump.

As my colleagues will recall, I previously introduced a bill, the Boating Jobs Preservation Act of 1991, H.R. 951, which would repeal the luxury tax on boats. H.R. 951 currently has a total of 181 cosponsors.

The companion bill in the Senate, S. 649 has 32 cosponsors, including majority leader GEORGE MITCHELL. The Senate last month passed a repeal of the luxury boat tax as part of an unemployment benefits bill. President Bush also supports this effort.

Mr. Speaker, the evidence is overwhelming—the boat tax is a failure and a plague the Congress visited upon an important American industry. Instead of raising revenue, it probably costs the Federal Government revenues through lost income taxes and added unemployment. Instead of making rich people pay more taxes, it instead threw blue-collar Americans out of work.

The boat tax invited predatory foreign competitors to prey on our weakened boat market. It destroyed small businesses that make up most of our domestic boat building and boat selling industry.

It is heartening to know that today common sense will finally prevail over the empty rhetoric that this tax was levied just to soak the rich. This issue was never about tax fairness, or making the rich guy pay more taxes, or even supply-side economics. It was about American jobs, pure and simple. The 19,000 American workers who lost their jobs as a result of the tax did not have the same option. This is a great day for our boating industry.

I would like to commend just a few of my colleagues who supported my effort to repeal the boat tax early on, before it was politically fashionable to do so. This noble group includes: The distinguished majority whip, Mr. BONIOR, who saw another proud Michigan industry decline, the automobile industry, and was determined not to let the same thing happen to the boating industry; the gentlewoman from Maine [Ms. SNOWE], who sought to save small, family-owned boat building businesses in her home State; Mr. HUGHES, who represents the Jersey shore area, and who worked tirelessly for repeal of this destructive tax; and all my colleagues from my home State of Florida, where boating is such a vital component to the well-being of our State economy.

Mr. Speaker, the jury is in, and the boat tax has been judged an abject failure. Let us get rid of this disaster by voting for passage of H.R. 11.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Mr. Speaker, I rise in opposition to taking a tax off of millionaire boat buyers and putting it on middle-class boatowners with the diesel fuel tax.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri [Mr. CLAY].

Mr. CLAY. Mr. Speaker, I rise in opposition to the bill.

Mr. Speaker, I rise in strong opposition to H.R. 11. This bill does not help the poor, it simply robs middle-class Americans to give to the rich.

Do not be misled by the pittance that is being offered to rebuild our urban areas. The proposed program is a sham. The bill authorizes $2.5 billion over 5 years for so-called enterprise zones. The creation of enterprise zones was originally intended to provide assistance to distressed urban areas; what is being proposed today does not even come close to providing those troubled areas with what they need. If you take the meager amount of money that this bill authorizes, spread it out over 5 years, divide it by the 50 enterprise zones that the bill creates, and further cut that number in half, you will get the amount of money that urban areas will actually be receiving. Believing that this urban aid package is going to solve the crisis faced by our inner cities is like giving a baby aspirin to a cancer victim and telling him he's cured.

The American people should understand this legislation for what it is: Yet another raid on the Treasury by the rich and famous. It's bad enough that we are only willing to spend less than the third of the cost of a new bomber to help our cities, but what is even worse is that we're willing to do so only if we provide a whole new set of tax breaks for the wealthiest Americans. Is it too much to ask of millionaires that they pay the same tax rate on the interest income that working Americans must pay on their wages? I guess so, because before we can provide the pittance this legislation offers our cities, we must first reduce capital gains rates. Under this legislation, millionaires will pay only half the taxes on capital gains for investments in an enterprise zone that the workers in those zones will pay on their wages. What this says is, before we can help the poor we must provide welfare for the rich. While there are individual provisions within H.R. 11 that I could otherwise support, this bill on the whole is not just inadequate, it is unfair.

There are other provisions in H.R. 11 that I object to. One provision, in particular, merits public attention. Buried within this legislation is a provision to exempt companies such as Federal Express from the requirements of the nondiscrimination rules of the Employee Retirement Income Security Act [ERISA]. Effectively, H.R. 11 eliminates the requirement that separate pension plans for pilots must be the product of bona fide collective bargaining. This provision is bad policy. Earlier this year, this same provision had been included in H.R. 4210. Along with 44 colleagues, I notified the Speaker that I could not support the conference report on H.R. 4210 if the Federal Express provision was included. At the time, not only was this misguided and misbegotten provision dropped from H.R. 4210, but I was given assurances by the leadership that the provision would not be raised again. Now, not only is it being brought back to the floor as part of H.R. 11, but it is being brought up on the suspension calender so that it is not subject to amendment. As I indicated in March, when H.R. 4210 was under consideration, I strongly oppose this provision.

Prior to enactment of ERISA, it was common practice to establish one pension plan for a few preferred employees and another pension plan for everyone else. The one plan paid exceptionally generous benefits, while the other offered substantially inferior benefits. Because these plans received preferential tax treatment, a majority of workers were discriminated against while subsidizing the scheme of the privileged with their tax dollars. That is the policy we will return to if we fail to defeat H.R. 11.

Leave aside the issue that we are being asked to undermine the legitimate efforts of workers to organize. Leave aside the fact that we are being asked to actively discourage workers from exercising protected rights under our labor laws. Should the clerks, the baggage handlers, the secretaries, or the machinists be forced to use their tax dollars to underwrite retirement benefits that their employer has unilaterally chosen to offer others and deny to them? Should the Congress endorse a policy that amounts to stealing from the poor to give to the rich? If you agree that this is bad policy, I urge you to vote with me against H.R. 11.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Utah [Mr. ORTON].

Mr. ORTON. Mr. Speaker, I rise in support of H.R. 11 with our major caveat. I have deep concern about the authorization of goodwill under section 179.

The present law certainly is complex and has resulted in much litigation. However, an unlimited amortization deduction of this previously nondeductible intangible asset could lead to enormous losses to the Treasury as large businesses undergo mergers, acquisitions, and leveraged buyouts.

I submit that the placement of a cap limit on the value of goodwill subject to amortization will provide simplicity in the Internal Revenue

Code and allow small business the tax deductions for this asset, but will not open a loophole which we will regret.

A limit of $100,000 to $250,000 on section 179 goodwill would appropriately allow small business deductions, resolve most of the litigation on this issue, and not bankrupt the U.S. Treasury.

I sincerely hope the conference committee will favorably consider this recommendation.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. Mr. Speaker, I thank the chairman for yielding.

Mr. Speaker, international competitiveness studies, one as recently as a week ago, show that the United States is paying the price for the neglect of our cities and our rural areas. We are falling behind other countries, and fast. We have fallen from No. 2 to No. 5 in just a year. One in eight Americans and one in five children live in poverty. The economic status of our Nation will only rise when the status of our families and our children rise.

Mr. Speaker, I want my own State of California to be the Golden State again, and I want the American dream to be possible for all our people. We do not guarantee results around here, but we have got to begin again to guarantee opportunity. This bill is a start, it is a beginning, and I urge all Members to vote aye today.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. UPTON].

Mr. UPTON. Mr. Speaker, I rise in strong support of this legislation as it includes provisions establishing enterprise zones and more funds for Weed and Seed.

My home town in Michigan includes Benton Harbor. Benton Harbor is a State enterprise zone due to its level of distress—very high unemployment and large numbers of folks on welfare.

Mr. Speaker, just in recent months we have seen more than 100 businesses locate or expand their employment in that zone.

Mr. Speaker, if it works in Benton Harbor it will work in the rest of the country. This is an idea whose time has finally come. I also rise in support of the legislation expanding Weed and Seed. For the last 18 months I have helped with a group of respective active local leaders in Benton Harbor to try to solve the problems of crime and drugs. I helped establish a crime and drugs task force that wants to focus on the cause of the problems stemming from crime and drugs. Better social services, job training, and education all compose the "seed" element of this program. Consequently the community recognized that this can be an answer to decay in urban/rural areas.

Mr. Speaker, on Monday next, Digger Phelps will be in Benten Harbor to look firsthand at the problems of Benten Harbor and what the community is trying to do to change the course. Digger is the President's pointman for the Weed and Seed Program.

Mr. Speaker, I urge all my colleagues to support this legislation as a cure for economic decay for our urban/rural areas. I yield back the balance of my time.

Mr. ARCHER. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Illinois [Mr. MICHEL], our respected Republican leader of the House of Representatives.

Mr. MICHEL. Mr. Speaker, I rise in support of the compromise reached to strengthen the enterprise zone provisions of H.R. 11 and to add the Weed and Seed Program to this legislation.

Before I touch on the specifics, let me say: I hope this urban-rural initiative is undertaken with a sense of our own limitations.

Government alone cannot rebuild urban and rural areas that need help.

Only the citizens of a community can do that.

Only the combination of individual responsibility and transcendent values can provide the leadership.

We can provide only some money, some ideas, and a show of concern.

But, what we are doing can be of some help, so I favor it.

The enterprise zone provisions in this bill creates 50 zones, half in distressed urban areas and the other half in distressed rural areas.

There are tax incentives not only to spur capital investment in designated enterprise zones, but also to encourage employers to hire employees who live within such zones.

The compromise adds a 50 percent exclusion from the capital gains tax for assets held for at least 5 years, in addition to the capital gains rollover provisions already in the bill.

The compromise further provides $500 million of new funding to provide intensive crime and drug fighting assistance to weed out gang leaders, violent criminals, and drug dealers from distressed neighborhoods.

This law enforcement effort would be accompanied by what is called a seed component: job training, drug treatment, and prevention, educational activities, and infrastructure improvements.

The administration supports the improvements to the Revenue Act of 1992 which have been agreed to.

Although H.R. 11 still has some problems which must be worked out in conference, such as the large revenue losses, the bill contains many beneficial provisions.

Specifically we are repealing the luxury tax which cost jobs for those manufacturing such so-called luxury items; and it provides passive loss relief to the real estate industry which will give a shot in the arm to that industry; it extends the list of tax provisions that expired yesterday which are so important to many of our small businessmen. Failure to provide these extensions would have a negative impact on our economy just at the time that the economy is beginning to grow again.

H.R. 11 permanently extends the targeted jobs tax credit which allows employers to continue to hire economically disadvantaged individuals.

It also permanently extends the low-income housing credit, the mortgage revenue bond provisions and small issue development bond provisions.

I would still like to see a permanent extension of the research and development tax credit which is only extended 18 months in this legislation.

Permanent extension of the research and development credit is so important to the competitive position of our country.

I am also troubled that the bill only contains a 6-month extension of the 25-percent deduction of health insurance costs for self-employed individuals.

But, the major purpose of this legislation—to provide much-needed relief to the distressed and disadvantaged areas of our Nation—is so important that I ask my colleagues to support this bill.

I am confident that the problems still remaining with the bill will be worked out as it moves through the legislative process.

Let us move it forward and get it on the President's desk in a form that he can sign.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Speaker, in the last few months in this Chamber we have heard a lot of squabbling about a domestic agenda and that enough is not being done for our cities. Today, we have the opportunity to vote for a measure that sends a message to our cities. And this message is we have not forgotten about them.

Just think, during the last decade, we have eliminated the revenue sharing program, we have eliminated the UDAG program, we have cut back dramatically in CDBG allocations.

Our urban areas are faced with difficult problems and for our cities to survive we have to take action now. I am not just referring to large cities as Los Angeles, Boston, New York, and Detroit. Smaller cities are faced with the same problems. From my experiences as the former mayor of Springfield, MA, I have firsthand knowledge of the problems facing our cities.

No matter what their size, American cities are faced with the flight of the middle class and the lack of new development in urban areas. Also, businesses are starting to flee to the suburbs. We need to take action to keep businesses in our cities. For this reason, I have been a longtime supporter of enterprise zones.

We have tried other programs for our cities such as direct grants. Why don't we give enterprise zones a chance? Enterprise zones have been a successful tool of State economic development. Currently, 36 States have enterprise zone programs. Enterprise zones takes a logical approach to helping our

cities. It provides benefits to both communities and businesses. The benefits to the community are businesses would be investing in urban areas and the program would create new jobs. The benefit to businesses is that they receive tax incentives for investing in urban areas.

We will hear that this program does not go far enough. We are faced with difficult financial constraints and we have to carefully choose what programs are the right programs for now. I am sure a lot of us would like to see more aid to our cities. But during this time, the current enterprise zone program is a reasonable and responsible approach. If enterprise zones are successful, we can expand the program.

In recent years, I have been disturbed by the deteriorating conditions of downtown areas of our cities. American cities are our backbone and they should be a source of great pride to us. Let us give enterprise zones a chance to improve our cities.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GRANDY], a member of the Committee on Ways and Means.

Mr. GRANDY. Mr. Speaker, I supported the unemployment compensation conference report and I will support H.R. 11. I encourage my colleagues to do the same if for no other reason than it is a historic day when this Congress can agree to subsidize job loss and job creation in the same day.

□ 1630

That is exactly what is happening with this combination of bills that are brought before us today. Let me say one thing specifically, though, to rural colleagues. This is a better deal than we probably could have expected. To assume that there will be 25 zones in urban areas and rural areas that will share equally in the spoils that will be derived to pay for this particular provision is a rare break and a rare parity for rural communities.

I would also add that unlike most Federal formulas, this time rural criteria is different from urban criteria. The qualifications that were outlined in the bill presented by the gentleman from North Dakota [Mr. DORGAN] and myself for rural development investment zones mentioned those specific criteria, and they are in this bill today. What am I talking about? Mr. Speaker, in rural areas poverty is a phantom. One cannot measure it through welfare rules and poverty statistics or through unemployment insurance, because so many people are unemployed but self-employed.

Under this bill we will use the proper measurements of out-migration, in other words, people that have left rural areas and have never come back, and simultaneously jobs that have gone and will not come back. Those criteria are in this bill. That is an important precedent for rural communities and their growth.

As we begin what is admittedly an experiment of trying to combine economic growth provisions with social welfare renewal provisions, I think that we have struck a good bargain here; not a perfect bargain, not one that does not need to be worked out in conference, but in addition to the other rural provisions, such as the extension, the permanent extension of private activity bonds which will, among other things, in Iowa extend the beginning farmer program, very important for our younger producers, and extend self-employed deductibility for self-employed individuals, such as farmers who are trying to buy their health insurance, we have struck a good balance.

Coincidentally today, I looked at the Iowa unemployment statistics and they are up, sadly. But the good news is, our employment statistics are up, too. Ten thousand more people are employed in our State this year than last, which means they are coming home. With this bill we give the opportunity for other individuals to go back home and start again, and I am pleased that they will be returning to rural communities as well as urban communities under H.R. 11. I urge the support of the Congress.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. HAYES].

Mr. HAYES of Illinois. Mr. Speaker, I rise in opposition to H.R. 11.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN of Michigan. Mr. Speaker, to those worried about the intangibles goodwill provision, please listen. No. 1, the retroactivity has been removed. No. 2, listen to the words of a senior specialist at CRS, and this is what she says: "In the aggregate, there is no reason to expect that there will be any overall price effect. Certain firms which had relatively more amortizable assets would have a small increase in the sales price purchasers are willing to pay, while other firms that are already writing off assets will have a small decrease," so there are these protections in terms of any increase or tax incentives for takeovers.

There is a third provision just in case. The Treasury Department is ordered to undertake annual studies to see if this bill might stimulate takeovers, and if that were to happen, and the specialists say it will not, then we could act.

I strongly urge support of this bill.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 30 seconds to the gentlewoman from New York [Ms. SLAUGHTER].

Ms. SLAUGHTER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in support of H.R. 11's provision that would make permanent that tax exemption for manufacturing industrial development bonds.

The Department of Labor reports that nearly 10 million workers are currently unemployed—the highest number since 1983. We need to do something to boost job creation, and we need to do something now. That is why I so strongly support IDB's the only Federal program directly targeted to the manufacturing backbone of our economy.

By providing a sound, responsible, reliable means of development and expansion capital, IDB's have played a critical role in manufacturing job growth in smaller firms. In the Greater Rochester area alone, IDB-financed projects have created more than 1,600 new jobs over the last 4 years.

This marks the second time this year that the House has recognized the job creation and economic stimulus potential of a permanent extension of the IDB Program. Local economic development agencies must have a longer planning horizon than, 6, 12, or 18 months if the maximum number of jobs are going to be created. I urge my colleagues in the House, the Members of the Senate, and the President to approve a permanent extension for IDB's and send some good news to the American worker for a change.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 30 seconds to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I oppose the bill. The bill is half good and half bad. Where I come from, that is mediocre. We have mediocre legislation and mediocre government. I also oppose it for another reason. It is token. If we give $12 billion coming up to Russia, $13 billion in foreign aid and $2.5 billion for our cities, all we have done in the last 10 years is take the reservations and the plantations and move them into the damn city.

I say this: Congress should reinstate revenue-sharing and put some of our dollars into our cities, not just token tax breaks.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 30 seconds to the gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman for yielding time to me.

On behalf of the citizens of Louisville and Jefferson County, I thank the gentleman for having put this bill on the floor and for his urban enterprise zones, for the extension of the various tax credits for low-income housing, mortgage revenue bonds, and targeted jobs tax credits. This is an excellent piece of legislation.

Once again, on behalf of the citizens of my community, I thank the gentleman for bringing this bill up. I urge my colleagues to support it.

Mr. Speaker, I rise in strong support of H.R. 11. This legislation is the second piece of an

urban aid package to be passed by the 102d Congress in the wake of the Los Angeles riots. Congress passed the first part of this package back on June 22, 1992, when it enacted a measure that appropriated $1.3 billion in disaster relief and funds for summer jobs for youth in our inner cities. My community of Louisville and Jefferson County will receive $1.5 million in assistance from these funds which will contribute to the creation of 750 summer jobs for teens in my community.

I am under no illusions that this previous aid, nor the bill we are about to pass, are the sole answers to the problems of our inner cities. But, part of our task is to create jobs and sustain economic development in the inner cities of our country where there is simply none now. Currently, a State enterprise zone has helped create thousands of jobs in Louisville and Jefferson County. It is my hope that H.R. 11 will help to accomplish that task as well, particularly in the most economically devastated areas of Louisville.

I took a walking tour through one of these areas—the Parkland neighborhood of Louisville—a few weeks ago at the invitation of Rev. Louis Coleman, Alderman Bill Wilson, and State Representative Porter Hatcher. We toured impoverished and blighted areas of the community—areas crying out for investment and jobs. I am pleased that under this legislation, Louisville will be able to apply to designate the area I toured as part of a Federal enterprise zone.

H.R. 11 also provides investment in the human capital of our inner cities by authorizing $2.5 billion for job training, education, community development, and crime prevention in distressed areas. This is the so called Weed and Seed portion of the bill. Again, more is needed but H.R. 11 provides the foundation.

Finally, Mr. Speaker, H.R. 11 also makes permanent a variety of tax credits that have served the people of Louisville and Jefferson County well. According to James Allen, director of Louisville's Department of Housing and Urban Development, the low-income housing tax credit—now made permanent under H.R. 11—has been utilized to help create hundreds of housing units in Louisville since 1986.

The Mortgage Revenue Bond Program is made permanent under H.R. 11. It has assisted low- and middle-income families in my community by reducing the cost of mortgages for first time home buyers. In short it helps give these families a piece of the rock.

Finally, Mr. Speaker, H.R. 11 extends permanently the targeted jobs tax credit, a tax credit that encourages employers in my community and around the country to hire economically disadvantaged youth. No doubt this tax provision has the potential to help the economically disadvantaged youth of our inner cities as well.

Mr. Speaker, again H.R. 11 is not a panacea to our urban problems, but it is a good start and I support it enthusiastically.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. THOMAS], a member of the Committee on Ways and Means.

Mr. THOMAS of California. Mr. Speaker, this bill does give hope to some people out in America. I want people to know this bill also should give hope to our colleagues here in the House. In the 1986 tax bill passive loss was removed. I thought it was wrong at that time. Real estate is one of the very few true economic engines of our economy.

I introduced legislation in the 100th Congress, the 101st Congress, in the 102d Congress, along with my colleague, the gentleman from Tennessee [Mr. ANDREWS], with 326 cosponsors, and the President supporting passive loss. We have it now in a bill that can be signed.

I want to thank the gentleman from Texas [Mr. ARCHER], the ranking member, and the gentleman from Illinois [Mr. ROSTENKOWSKI], for putting in a bill that can be signed, passive loss.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 30 seconds to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER Mr. Speaker, I am one of those Members seriously worried about the goodwill provisions of this bill. In fact, I want before the Committee on Rules with the gentleman from Oklahoma [Mr. MCCURDY] to strike those provisions in this bill. Despite my inability today to offer my amendment, I think overall this is a good bill and Members should support it. I plan at a later date on working on the goodwill section of this legislation, but for today we need to support this legislation.

Mr. Speaker, I am here to request that the rule for House consideration of H.R. 11, allow for an amendment to be offered by myself and Congressman MCCURDY on the amortization of intangible assets.

Specifically, our amendment would remove goodwill and going concern value from the list of intangible assets the Ways and Means Committee bill would allow to be amortized for tax purposes. It would not change the 14-year amortization period for other intangibles.

The intangibles provision now in H.R. 11 is touted as tax simplification, and there is no doubt that it would put an end to $9 billion in disputes between the IRS and corporate taxpayers. The problem is that the committee's approach to simplification is to accept defeat and give business everything it wanted. Mr. Speaker, in our current fiscal crisis this is a billion dollar solution we simply cannot afford.

Right now when one business acquires another, it may take tax deductions as the value of the property it acquired depreciates over time. The IRS also allows for certain intangible assets to be depreciated if they have a limited useful life and an ascertainable value. However, no depreciation deductions are allowed for goodwill or going concern value.

The unfortunate result of this policy is that creative corporate tax lawyers have come up with no fewer than 159 intangible assets for which they have sought deductions. Many of these so-called assets are shameless corporate attempts to write off as much of their takeover costs as they can. According to GAO, in 70 percent of the cases in which businesses have claimed tax deductions for intangibles, the IRS has found that the assets were in fact goodwill and not amortizable.

Faced with the legal quagmire that has resulted from appeals of these IRS rulings, the Ways and Means Committee decided we should give up and allow corporations to write off everything. This is bad tax policy and bad fiscal policy.

Allowing corporate write-offs for purchased goodwill creates a blatant taxpayer subsidy for corporate takeovers. I'm no opponent of takeovers. Takeovers can be a valuable check on corporate inefficiency. However, this provision gives billions of dollars in taxpayer-financed incentives for takeovers that would not otherwise be economically justified.

Talking to the New York Times one Wall Street analyst predicted this measure "would be a huge boon. I would say you would see a billion-dollar deal announced in weeks if it goes through." So much for neutral tax policy.

The same analyst also predicted, "The takeover values of food companies would go up 20 percent overnight." That's great for owners of food companies, but it's taxpayers who will foot the bill.

A Joint Tax Committee memo which I have attached to my statement predicts that the proposal will "lose significant revenue after the budget period." While the lengthened amortization period for other intangibles would increase revenue in the early years, "the revenue loss attributable to deductions for goodwill would not decrease over time," according to Joint Tax.

No revenue estimate has been developed for the goodwill provision alone, but we know that the IRS is currently in court trying to collect $9 billion in back taxes for assets it has found to be goodwill or going concern value. It is reasonable to assume that allowing goodwill to be amortized will cost the Treasury billions of dollars each year.

During the debate over the balanced budget amendment there was a lot of talk about not delaying the tough decisions on how to reduce the deficit. If we allow this provision to become law, we are ducking yet another tough choice. Someday we are going to have to start saying "no." Saying "no" now is going to be a lot easier than saying "yes" and having to take it away later.

U.S. CONGRESS,
JOINT COMMITTEE ON TAXATION,
Washington, DC.

Memo to:
Subject: Revenue Estimate Request.

For your information, it is our opinion that the proposal would lose significant revenue after the budget period, particularly if the growth in the acquisitions of intangible assets abates. This revenue loss is primarily attributable to the proposal's allowance of amortization deductions for goodwill, which is not amortized under present law. While allowing amortization deductions for goodwill can be approximately "paid for" during the budget window by lengthening the time over which other intangible assets are amortized, the revenue raised by a lengthened amortization period for other assets would be eroded by vintaging effects, while the revenue loss attributable to deductions for goodwill would not decrease over time.

[From Business Week, June 8, 1992]

FOR THIS CHRISTMAS-IN-JULY, YOU COULD BE FOOTING THE BILL

(By Robert Kuttner)

Here's a hot idea that deserves a quick burial: Let's increase the federal debt by an esti-

mated $3.6 billion to have taxpayers subsidize another round of leveraged buyouts. This is precisely what would be allowed under tax legislation greased for quick passage some time in June. Present law lets companies deduct the cost of tangible assets purchased in corporate buyouts. The acquiring company may also deduct interest costs on borrowed money. This tax subsidy was generous enough to stimulate the unpredented buyout wave of the 1980s, which cost taxpayers upwards of $80 billion and had consequences that were at best mixed.

The proposed new law, H.R. 3035, would allow for the first time the deduction of intangible goodwill. The Internal Revenue Service currently disallows such deductions. According to then IRS Commissioner Fred T. Goldberg Jr., acquisitors have tried to take tax deductions for at least 159 different categories of intangibles. These range from arguably legitimate assets, including copyrights, trademarks, and dealer networks, to a variety of pie-in-the sky write-offs such as having "underdeveloped competition" and even "nonunion status."

APPEALS APLENTY

This Christmas-in-July proposal is being pushed by a coalition of Wall Street firms that promote LBOs and by corporations, such as Philip Morris Cos., which want the change in the law to be retroactive, so they can reap tax windfalls on buyouts already consummated. In 1987, the House passed a bill explicitly prohibiting deduction of goodwill, but the bill was opposed by the Reagan Administration and died in the Senate.

Meantime, some 2,000 appeals have been filed in connection with corporate buyouts, challenging the IRS position. Lower courts have issued contradictory rulings on the question, the Supreme Court has agreed to review it, and the takeover crowd is nervous the high court will back the IRS. The Administration supports the proposed bill. The IRS opposes the whole concept, but Goldberg, as a loyal member of the Administration, has testified in support on grounds that it would at least clarify the law. "From a tax administrator's perspective, the present situation is untenable because it embroils the government in endless factual inquiries," Goldberg testified to the House Ways & Means Committee, adding that some $8.5 billion worth of proposed tax adjustments are now on appeal in the courts. Goldberg calculates the government has spent an average of 6,000 staff hours and $160,000 in out-of-pocket costs per case.

But from the perspective of a company seeking tax write-offs or a Wall Street house promoting mergers and acquisitions, the costs of litigation and lobbying are well worth it. House Ways & Means Chairman Dan Rostenkowski (D-Ill.), who led the fight in 1987 to deny deductions for corporate goodwill, now supports the proposal. Says James Jaffe, a Rostenkowski aide: "This proposal comes mainly out of the 'tax-wonk' community—the Treasury and the tax bar. The corporate guys and the IRS are both spending a lot of money to litigate this, so why don't we just come up with a relatively simple rule?"

SHEER WASTE

Jaffe says Rostenkowski tried to simplify the rule by prohibiting the deduction but lacked the votes. The chairman now favors simplifying it. But this was hardly the brainchild of tax wonks. Big money is at stake, and the lobbying coalition includes upwards of 20 corporations involved in M&As, including Citicorp, Honeywell, Gillette, Quaker Oats, and Levi Strauss—several of whose political action committees have contributed to both parties. Philip Morris, among other courtesies to the Democrats, donated generously to the anti-term-limit initiative in Washington state, which would have ended the career of Speaker of the House Thomas S. Foley (D-Wash.).

Arbitrage specialists have been quoted as saying the law, if enacted, would set off another merger boom and drive up the share price of potential target companies. If so, the legislation is sheer economic waste, since that run-up would be subsidized directly by taxpayers. Critics such as Robert S. McIntyre of Citizens for Tax Justice suggest that the legislation's backers are lobbying for the tax bailout mainly because they overpaid for many of their target companies in previous mergers and now are hoping the taxpayer will make up the difference. McIntyre urges that the laws be toughened to remove some of the existing tax-subsidy of M&As, notably the ability to deduct interest costs. "In the case of a takeover financed by very risky junk bonds," McIntyre argues, "the interest payment is really more like a dividend, which is not deductible."

This little episode is emblematic of what ails the economy and public finances. Both parties say they want to reduce the deficit, but neither can resist pandering to special interests. The forces representing the public's interest in fiscal discipline are outgunned. The Administration says it believes in free markets, but when those markets produce costly mistakes, it uses taxpayer money for expensive bailouts. And industry, instead of investing in new products and better management, finds it more cost-effective to invest in litigation and lobbying. No wonder America has trouble competing.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 30 seconds to the gentleman from Ohio [Mr. HALL].

Mr. HALL of Ohio. Mr. Speaker, I rise in support of H.R. 11, the Revenue Act of 1992. I would like to commend the gentleman from Illinois for his leadership and hard work on this legislation. Through his leadership, enterprise zones will be created in troubled communities throughout America, bringing to those communities new investments—and new hope. I would also like to commend the distinguished majority leader for ensuring that this legislation includes $2.5 billion for job training and other social services.

I am pleased to say that H.R. 11 includes a hunger committee proposal that would help the poor start their own businesses. This proposal—H.R. 3450, which I introduced with Representatives FRED GRANDY, MIKE ESPY, and BILL EMERSON—raises the asset limit from $1,000 to $10,000 for people on AFDC who want to climb out of poverty through their own microenterprise. For many people, the route out of poverty is through their own small business. If we are not going to subsidize microenterprise programs in the United States—as we do overseas through our aid budget—then the least we can do, Mr. Speaker, is allow self-employment for those who happen to be poor.

This legislation represents a significant step forward in developing micro-enterprise programs for the poor in America, and is the first step in my effort to help the poor build assets. Mr. Chairman, the $1,000 asset limit in AFDC is the major barrier to self-employment among the poor. It's foolish that for so long the Federal Government has trapped thousands of potential business owners in poverty. I'm pleased that this measure to develop businesses among the poor is before us today. I urge my colleagues to support this important bill.

Mr. ARCHER. Mr. Speaker, I yield the balance of my time to the distinguished Republican whip, the gentleman from Georgia [Mr. GINGRICH], who has worked so tirelessly to put together the final agreement that has permitted this legislation to come to the floor.

The SPEAKER pro tempore. The gentleman from Georgia [Mr. GINGRICH] is recognized for 3 minutes.

Mr. GINGRICH. Mr. Speaker, I hope not to take that much time.

Mr. Speaker, I want to strongly urge a "yes" vote, in particular for the job-creating enterprise zone parts of this bill. Just weeks after Boris Yeltsin, the President of Russia, spoke to us about freedom and hope, we have a bill that recognizes the importance of the free market, of incentives, of entrepreneurship. This bill is a first step toward an American perestroika. We recognize in this bill that free enterprise and business and entrepreneurship create jobs.

□ 1640

We are meeting the concern of Peter Ueberroth that Los Angeles have a chance to create real, permanent jobs in real, permanent businesses.

This effort to reestablish incentive and hope has been a long time coming. Secretary Jack Kemp, when he served in this body, introduced this idea over a decade ago. I talked to him a while ago, and he asked me to remind the House of the hard work of Bob Garcia, of Bill Gray, and of CHARLIE RANGEL who worked for many years in support of these concepts.

I especially want to recognize the extraordinary efforts over the last few days of the majority leader and the diligent effort by the White House staff and of BILL ARCHER and the Republicans on the Ways and Means Committee.

In the end, I also want to say that this is not just a victory for President Bush, who has for 4 years been urging the creation of enterprise zones. I believe this vote today is an opportunity to say across America to every poor person in every poor neighborhood that we are going to try to bring you incentives, we are going to try to bring you hope, we are going to try to ensure that every person in America who wants to create a job is encouraged by their Government to do the right thing, to help Americans who are today

poor someday be Americans who have had a successful and a prosperous life. And I urge a "yes" vote.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield the balance of our time to the gentleman from Missouri [Mr. GEPHARDT], the majority leader, who is really the principal architect of this legislation.

The SPEAKER pro tempore (Mr. LANCASTER). The gentleman from Missouri [Mr. GEPHARDT] is recognized for 2½ minutes.

Mr. GEPHARDT. Mr. Speaker, I want to first say that DAN ROSTENKOWSKI, CHARLIE RANGEL, MAXINE WATERS, and JULIAN DIXON did an awful lot of work and an awful lot of people on this side of the aisle and that side of the aisle worked hard to put this bill together. We have not done many things together in this Congress. It is important today to do this bill, and I urge Members, whatever their misgivings are about this part or that part of the bill to try to vote for this bill, and I will tell them why.

This bill comes after the Los Angeles problem. Fifty people were killed in Los Angeles about 6 weeks ago, and that is why we are here today.

In 1991, the following numbers of people were killed, murdered in the following cities: Washington, DC, 489; St. Louis, MO, where I am from, 260; Wichita, KS, 28; Los Angeles, 1,039; New York City, 2,220; Baltimore, 305.

Ladies and gentlemen of the Congress, we have a problem in this country. This country is being torn apart in its urban areas because people do not have work and people do not have hope. This bill is not the millenium in urban policy. Do not misunderstand what this is. It is a first step, but we have to take that first step to give people hope.

People do not want to be on welfare, they want jobs. People do not want to be standing on street corners, they want to be in training. Mothers and fathers do not want their kids on drugs and being killed by drug people and drug dealers. They want them in school and they want to be healthy.

This bill is an amalgam of the best ideas that they have brought forward, and the best ideas that we have brought forward. Let us give these ideas a chance. It is an experiment that can work in 50 places in this country so that we do not have to read the death statistics like this year after year after year.

Vote for this legislation and give the people of this country some hope.

MODIFICATION OFFERED BY MR. ROSTENKOWSKI

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that H.R. 11 be modified by striking section 2.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LEACH. Mr. Speaker, this measure has a number of extraordinarily positive features—such as enterprise zones—but I rise to object as strenuously to one ill-conceived provision: The reversal of longstanding tax policy implicit in the establishment of deductions for purchased goodwill. The effect of this change in accounting for goodwill is to provide greater incentives for conglomeration by realtors, in effect, another egregious taxpayer subsidy for corporate takeovers.

There is a tendency in modern American politics to exaggerate perspective by hyperbolic rhetoric. Hence, an interpreter of modern international relations recently underscored his view of the impact of the dissolution of the Soviet empire by entitling an essay: "The End of Civilization." At the risk of greater hyperbole, I consider the egregious goodwill tax break imposed by the majority party in an otherwise progressive bill to symbolize the end of liberalism.

American democracy is premised on free enterprise and the precept that citizens can be expected to have an economic as well as political stake in our society. The problem with this seemingly obscure tax deduction for purchased goodwill is that it gives incentives for conglomeration, for the narrowing rather than widening of ownership of America. It is a ripoff for investment bankers, a tax break for those least in need. By impelling takeovers of established businesses instead of entrepreneurial investment in new endeavors, it stifles the economy benefiting the apostles of greed rather than growth.

If this bill passes, as I assume it overwhelmingly will, I expect to work with the gentleman from Tennessee [Mr. COOPER] to move expeditiously to seek a legislative reversal of this break of faith with the American liberal tradition.

What Congress should be doing is ending the tax deductibility of interest when applied to takeovers of large corporations rather than adding new incentives to conglomerates. It is the middle-class taxpayer, not the Wall Street investor, the producer of goods and services, not the manipulator of financial paper, that deserves a break. American priorities must be righted.

Mr. DIXON. Mr. Speaker, I rise today in strong support of the urban aid package before us today.

The riots which devastated sections of Los Angeles—including parts of my district—demonstrated how quickly despair can erupt into rage in our inner cities. The L.A. riots provide the clearest possible reflection of our failure to address the roots of the absolute despair which consumers millions of Americans in our inner cities.

Today we attempt to turn the tide of neglect and restore hope and opportunity to the Nation's most depressed communities. This bill, H.R. 11, is a solid step in the right direction. H.R. 11 is pro-business, pro-inner city, pro-rural areas, and pro-jobs.

The enterprise zone concept represents a constructive approach to an extremely pressing problem. Enterprise zones will provide a critical incentive for private business to invest in and form lasting partnerships with communities which have been abandoned by business in the past.

H.R. 11 provides $2.5 billion to establish 50 urban and rural enterprise zones over the next 5 years. The bill will help to revitalize economically and physically distressed areas; create meaningful employment opportunities for zone residents; and encourage individuals to live in the areas in which they are employed.

The package before us also provides $2.5 billion for the President's Weed and Seed Program over the next 5 years. Weed and Seed money will fund intensive law enforcement and job training initiatives in designated enterprise zone areas.

I would like to insert into the RECORD a letter I received from Los Angeles Mayor Tom Bradley and Peter Ueberroth, chairman of the rebuild Los Angeles project, expressing their strong support for this legislation which will play a critical role in revitalizing areas of the city of Los Angeles crippled by joblessness and despair.

I urge my colleagues to join me in supporting this important measure.

OFFICE OF THE MAYOR,
Los Angeles, CA, June 30, 1992.

Hon. JULIAN C. DIXON,
U.S. House of Representatives,
Washington, DC.

DEAR JULIAN: We write to urge your swift and strong support for federal legislation to create Enterprise Zones in Los Angeles and other cities.

We are working with every available tool to Rebuild Los Angeles. We know we cannot rely on the massive infusion of government funds. We are relying instead on the outpouring of support from the private sector, which has been heartening, and the coming together of our communities as never before. But one tool is missing: The tax incentives that will encourage the private sector to invest where it has never invested before. Federal Enterprise Zones would provide some of these necessary incentives.

Put simply, our efforts to Rebuild Los Angeles will be dealt a serious blow if Congress and the President fail to agree soon on Enterprise Zone legislation. Because we are fast approaching the July 4th deadline for the enactment of an Enterprise Zone bill, your quick help is necessary. Please support our efforts to Rebuild Los Angeles by creating federal Enterprise Zones.

Thank you for your support.

TOM BRADLEY,
Mayor.
PETER V. UEBERROTH,
Rebuild Los Angeles.

Mr. BILIRAKIS. Mr. Speaker, I rise today in support of H.R. 11, the Revenue Act of 1991. Many beneficial provisions are included in this welcome legislation, however, I am nevertheless disappointed that it falls short of what it might have been.

Specifically, I refer to a provision to correct the Social Security notch disparity that several of my colleagues and I were unable to have included in H.R. 11.

As a Member of Congress from Florida, the Social Security notch issue is one of the top priorities of my senior citizen constituency. These notch babies believe they have been unfairly penalized by the Social Security notch decision because they were born in a certain year, something over which they have absolutely no control.

I have a high number of individuals in my congressional district who have been adversely affected by the notch; many have written to tell me that they have been unfairly penalized. They say it isn't fair that individuals

with similar work histories, who were born before the notch years, receive a higher Social Security payment than they do. Mr. Speaker, I agree with my constituents—this is an unfair practice and it must be stopped.

As you know, the notch was created when Congress enacted a new Social Security benefit formula in 1977. The aim was to slow growth in future benefits, with little or no dollar loss during the transition to the new, permanent formula. However, the outcome was not what Congress had intended.

The outcome was that most retirees born during a certain period receive less than those born just a few years earlier. The end result was a substantial difference in benefit levels for people who had similar work histories but differed slightly in age.

Since I was elected in 1982, I have introduced legislation to rectify the unfair Social Security notch situation. I have also cosponsored H.R. 917, the notch consensus solution. Simply, we must do something to end an unfair benefit cut that affects 10 million retired workers and restore public confidence in the fairness of the Social Security system.

My constituents believe Congress is being unresponsive to their concerns. I have been told by some that Congress is just "waiting for notch babies to die off" or "Congress isn't really concerned about their plight or it would have acted long ago."

Mr. Speaker, I wanted to prove these comments wrong by passing a notch corrections amendment to this legislation. Unfortunately, objections by the leadership prevailed and I was prevented from doing so. I will continue to work with my like-minded colleagues in the future to pass this legislation of such critical importance to our Nation's seniors.

That said, I do not feel I can fairly oppose this bill on these grounds. To do so would call for sacrificing a full repeal of the 10-percent luxury tax on boats, furs, jewelry, and airplanes, a tax that has cause massive job loss in the industries involved.

It would mean turning my back on enterprise zone provisions that I have long sought as a means of revitalizing our inner cities—not through a huge redistribution of taxpayer dollars, but by enticing businesses to move into and set up operations in such enterprise zones within our cities.

It would mean rejecting the extension of a variety of tax credit extensions important to business and consumers. It would also mean rejecting important passive loss reforms that will rebuild our real estate industry and jumpstart our economy.

No, Mr. Speaker, this legislation is too important to reject, but—again—it is shameful that a Social Security notch correction could not have been added, thus making H.R. 11 so much more than it currently is.

Mr. FAZIO. Mr. Speaker, I rise in support of passage of H.R. 11, the bill which will make a much-needed long-term investment in both rural and urban areas across the country.

H.R. 11 is a prompt, responsible response to the poverty, unemployment and hopelessness that grip so many areas of our Nation. It provides an effective method of addressing the obvious problems that have been plaguing our communities for years, but that have only been highlighted in recent months. H.R. 11 will make it easier for American families—both rural and urban—to succeed and prosper.

H.R. 11 creates 25 rural development investment zones and 25 urban enterprise zones in distressed areas across the country over a 3-year period. All zones will be selected competitively from those areas with unemployment rates 1.5 times the national average, poverty rates of at least 20 percent in 90 percent of the area, and a plan to assist employers and employees in the zone—such as reduced taxes and increased delivery of local public services. Rural zones must also have a decline in employment of more than 5 percent during the 5 years prior to the zone's designation and a 10-percent decline in population from 1980 to 1990.

This concept provides incentives—in the way of tax credits—to businesses in an effort to attract them to relocate and invest in targeted areas. The end result is improved economic development for the involved community and its people.

Then, to stimulate growth within the targeted zone community itself, H.R. 11 funds job training, education, health and nutrition, housing and community development, and crime prevention. It supports solutions proven to be successful—like Head Start, health centers, and drug treatment and housing assistance programs. This includes job training and education for welfare recipients to get them off welfare and working. It will permit communities to attack crime, address their health and welfare needs and invest in their own development. It fosters activities which have shown over time to have the greatest benefit across the country.

In addition to providing tax breaks for businesses that invest in enterprise zones, H.R. 11 includes tax provisions designed to stimulate overall economic growth throughout the Nation. For example, H.R. 11 repeals the luxury tax on boats, furs, and jewelry—a tax that had an adverse impact on employment in the affected industries. By repealing this tax, H.R. 11 will alleviate the job loss and economic strain placed on those industries affected by this tax. H.R. 11 also extends certain tax provisions that expired at the end of last month—including mortgage revenue bonds, low income housing tax credits, and the exclusion for employer-provided educational assistance.

H.R. 11 contains a provision that will protect taxpayer rights. The Taxpayers' Bill of Rights will establish a taxpayers' advocate, prohibit the Treasury Department from issuing regulations that apply retroactively, and make IRS agents personally responsible for acting capriciously or negligently. It also simplifies the treatment of pensions, mutual funds, and tax exempt bonds.

And last, but not least, the bill pays for itself. It includes provisions designed to generate revenue, including raising taxes on securities firms' inventories, limiting tax benefits to new owners of failed thrifts, and making permanent increases in the estimated tax installments for upper-income taxpayers and for corporations filing quarterly.

We must again begin to place domestic issues at the top of our agenda. The investment that H.R. 11 makes in our communities is a good place to start. We have to see that all our children have safe schools and safe neighborhoods. We must ensure that everyone who can work, does. We must see that every member of society has access to equal opportunity and fair treatment. These are great challenges that we began to address in the 1960's and must continue to meet today.

H.R. 11 will promote development in our communities, support businesses who participate in this effort, help to jump-start our economy, and generate revenue to pay for itself. I urge my colleagues on both sides of the aisle to support passage of this important piece of legislation.

Mr. STENHOLM. Mr. Speaker, it is with regret that I rise in opposition to this legislation. I support many of the provisions of this bill and have cosponsored several bills that have been incorporated in this legislation. However, I cannot support legislation that will continue the practice of using smoke and mirrors and accounting tricks to circumvent the Budget Enforcement Act.

Although I will vote against this bill today, I continue to support several of the provisions included in this bill and hope that we can enact these proposals in a tax package that is honestly paid for. The changes in passive loss rules and the changes in the depreciation schedule for the purposes of the alternative minimum tax would have a positive effect on our economy. I was also pleased that this bill includes a 6-month extension of the 25-percent deduction for self-employed health insurance. I hope that this credit can be increased to 100 percent and extended permanently as part of a health care package. The extension of the TJTC and the tax credit to offset the cost to employers for FICA taxes on tips are also important to restaurant owners in my district.

Despite this, I must oppose this bill because of my concerns about the budgetary impact of this bill. Although the tax and entitlement provisions are deficit neutral over the 5-year budget window, they will lose nearly $5 billion over the next 4-years. I fear that by the time this bill actually raises revenue we will have spent the revenues several times over. In addition, I am deeply concerned about the precedent being set by redesignating $500 million of domestic spending as international spending in order to allow us to increase domestic appropriations without corresponding spending cuts. I believe that if we want to increase spending in one area, we should make corresponding spending cuts, not changes in accounting. We cannot continue the practice of using accounting tricks to circumvent the budget rules or waive these rules altogether when they become inconvenient.

Mr. Speaker, I hope that we can defeat this bill today so that the budget tricks can be removed and we can pass a tax bill that lives within our budgetary restraints.

Mr. OLVER. Mr. Speaker, I rise today in support of the provisions of H.R. 11 which will help our businesses, our workers, and our communities.

In particular, I am very pleased that we are extending, in some cases permanently, the expiring tax provisions. I would have preferred that the tax credit for research and development have been made permanent, but I strongly support its extension for 18 months. We must increase investment in R&D, and this

tax credit is one vital element toward helping our companies invest in the new technologies which will be the foundation of our future economy.

Similarly, I have always been a strong supporter of the tax credit for employer-provided educational assistance. We should do everything we can to help our workers get the skills they increasingly need to produce the finest products in the world. Likewise, making the targeted jobs tax credit will help both our workers and businesses.

I also believe that making permanent the credits for low-income housing, mortgage revenue bonds and small issue manufacturing bonds will help us address these desperate needs in Massachusetts.

I would also like to express my support for releasing previously appropriated, but unobligated, funds for the JOBS program. JOBS provides training and education to help recipients of Aid to Families with Dependent Children get off AFDC and into jobs.

Mr. Speaker, this is not a perfect bill, but I believe that it will do a good deal to help our businesses and our communities, and I hope that we can use this legislation as a starting point. We must get to work to resolve the many problems which are afflicting this country.

Mrs. LLOYD. Mr. Speaker, I rise in support of H.R. 11. This is a strong job creation and economic growth package which should encourage investment in urban and rural areas. It includes a number of important provisions to help stimulate economic recovery, put people back to work, and boost small business development.

H.R. 11 includes the text of H.R. 3450, a microenterprise bill to enable welfare recipients to start small businesses. Microenterprise programs are an innovative way to help the poor work their way out of poverty by helping them set up and develop their own business enterprises.

Given the turmoil in many American communities, we need to look for ways to help the poor help themselves. The microenterprise program will do just that. By helping the poor start their own small businesses, they gain financial independence and security and lose their reliance on public assistance. The taxpayer will save in the long term and the community will gain.

H.R. 11 would create 50 enterprise zones in economically distressed communities, providing special tax breaks and other Federal aid to attract businesses and revitalize the areas. The purpose of enterprise zones is to encourage investment in areas which have been neglected.

Half of the 50 enterprise zones would be located in cities. The other half would be in rural communities. The same tax benefits would be available to investors in both urban and rural zones. This program is designed to encourage small businesses to locate or expand in distressed communities and strengthen the economic base in these areas.

H.R. 11 contains elements of the Weed and Seed initiative which provide a framework for coordinated action by the public, private, and nonprofit sectors to revitalize inner cities and promote self-sufficiency. Weed and Seed would allow both rural and urban enterprise zones to select applicable programs for their areas from a series of five categories: Crime and community policing, job training, education, health and nutrition, and housing and community development. Weed and Seed will give communities help so they can best decide how to meet their needs.

The bill includes other tax provisions which are sound building blocks for the economy.

H.R. 11 allow real estate professionals, including agents, to deduct losses on rental property—so-called passive losses—against other income from real estate investments; extends permanently the low-income housing tax credit, extends permanently the targeted jobs tax credit, which benefits businesses that hire certain disadvantaged workers; and extends permanently the mortgage revenue bond and mortgage credit certificate programs, which allow State and local governments to use tax-exempt financing for low-income housing.

The bill also extends for 18 months several expiring tax breaks; including the research and development tax credit, employer-provided educational assistance, a tax exception for gifts of appreciated property and employer-provided legal services. The bill also extends the 25-percent deduction for health insurance costs of the self-employed for 6 months.

H.R. 11 repeals the luxury tax. While the 1990 budget agreement included excise taxes on luxury items for deficit reduction purposes, it is now clear that the luxury tax will not generate additional revenue; but actually result in a net loss to the economy. Repeal of the luxury tax is particularly important to the boating industry in Tennessee. The manufacture and sale of boats plays an important role in our local economy. Because of the luxury tax, the industry has suffered. Repeal of the luxury tax should go a long way toward helping the industry get back on its feet.

H.R. 11 also contains significant welfare reform provisions to make it easier for States to fund the welfare-to-work programs I supported as part of the last major welfare overhaul, the 1988 Family Support Act, Public Law 100–485.

Under that law, States were required to set up education training and work programs called JOBS [Job Opportunities and Basic Skills] aimed at helping welfare recipients leave the public rolls. This provides welfare recipients with a sense of responsibility as well as the opportunity to gain valuable work skills, job histories and job references. H.R. 11 increases the Federal match for the JOBS Program and includes a modified version of the administration's welfare reform proposal to increase the asset test for recipient families.

H.R. 11 includes the Taxpayer Bill of Rights Act. This is a well-balanced package of reforms I have long supported that should provide taxpayers with additional protections and safeguards in their dealings with the Internal Revenue Service [IRS].

Congress made a good start in 1988 when the original Taxpayer Bill of Rights was enacted into law. But it is evident that more needs to be done because of problems taxpayers continue to have under the current Federal tax system. I hope these reform provisions will move us closer to the objective of developing a level playing field between taxpayers and the IRS.

I urge passage of H.R. 11.

Mr. MARKEY. Mr. Speaker, I rise to support the enterprise zone legislation that we have before us today. The riots in Los Angeles brought long overdue attention to the conditions in our inner cities in this country. They have been seriously neglected with terrible consequences. But, while we focus on the problems of the largest cities, we should not lose sight of the equally desperate situation in many of our smaller cities. As we consider enterprise zone legislation, I urge my colleagues to consider the desperate problems faced by many of our small cities.

For the first time since the Great Depression, the Commonwealth of Massachusetts declared one of its cities in receivership in 1990. Chelsea, MA has only 28,000 residents but it faces all of the same difficulties of our largest cities.

Chelsea's tax base has declined while the demand on its public services has soared with unemployment and increased poverty. It has one of the highest percentages of public housing of any city in the Nation. Chelsea is also one of the most racially diverse cities of Massachusetts.

Because of its size and economic distress, nearly all of Chelsea's citizens live in areas which would qualify for enterprise zone treatment. It would be ironic if we adopted legislation which allows enterprise zones for large cities—with their broad resource base—but excludes smaller ones like Chelsea in which almost the entire city is in economic distress.

Since being placed in receivership 2 years ago with a $10 million deficit in a $40 million budget, Chelsea has made dramatic progress. This month receiver Jim Carlin has been able to propose a balanced budget for the coming fiscal year. But cities like Chelsea need long-term reinvestment by the private sector to create jobs and rebuild an aging infrastructure. The enterprise proposal being considered by the House today provides incentives to bring jobs back into these areas and enables people to improve their own lives and that of their community.

I am pleased that the legislation before us today will enable small cities like Chelsea to qualify as enterprise zones on their own or in partnership with other cities, and I urge my colleagues to support this bill.

Mr. LEVINE of California. Mr. Speaker, I rise today in support of H.R. 11, and to say that I am relieved that the President was finally willing to work with Congress to craft a workable first step in rebuilding American cities. I thank our Democratic leadership, Mr. FOLEY and Mr. GEPHARDT in particular, for bringing this bill to the floor expeditiously.

I am particularly pleased that my legislation on child support collections and reporting has been included in the package, and thank my colleague from Texas, Mr. ANDREWS, for his leadership on this issue. The provision, which will require credit reporting agencies to publish unpaid child support debts on consumer credit reports is a simple but highly effective method of increasing child support payment rates. The Association for Children for the Enforcement of Support estimates that collection rates in States who use this tool have seen collection rates soar by 20 percent.

The time has come to get tough on the deadbeat dads who skip out on their respon-

sibilities to their families. This provision will make a meaningful contribution to easing the poverty and suffering for many poor women and children in this country. I applaud the conferees for including it in H.R. 11. I urge my colleagues to support this much-needed bill.

Mr. FORD of Michigan. Mr. Speaker, I rise in strong opposition to H.R. 11. Before I get into my problems with the substance of the measure, let me say that I vigorously oppose the manner under which the bill is being brought up.

By considering H.R. 11 under suspension of the rules, we will not have an opportunity to deal with the Federal Express issue—a union buster which will lead to discrimination in the allocation of pension benefits by pilots' employers. And in this forum, we are also denied an opportunity to address the writeoff of intangible assets—a blatant taxpayer subsidy for corporate raiders.

Mr. Speaker, at a time when we should be moving forward to help the poor and unemployed throughout the Nation, this bill, at best, will help just a chosen few in a handful of cities.

The focus of this enterprise zone legislation is all wrong. What was intended to reach poor and unemployed people in this Nation's cities has been converted to yet another bundle of tax cuts for enterprising fat cats. This bill creates tax breaks we cannot afford for people who need them the least.

This enterprise zone legislation is nothing more than a continuation of the Reaganomics of the 1980's—shoveling tax breaks onto the wealthy in hopes of seeing the benefits trickle down onto the real people in need. Enterprise zones will not create jobs. They will simply shift jobs from one depressed area to another. The proposed zones will not solve the problems of urban blight nor the desperate need for employment in inner cities. It is just the wrong way to go.

Mr. Speaker, I recognize that there are some very valuable elements which have been included in this package: Repealing the excise tax on boats, extending employer-provided educational assistance, extending the self-employed health deduction, making permanent the targeted jobs tax credit and the low-income housing tax credit, and making permanent the authority of States and localities to issue mortgage revenue bonds. But these good elements are far outweighed by the special interest tax breaks in the bill.

The lion's share of relief in this bill is in the form of tax benefits to individuals and businesses—bonuses for those who can afford to get their high-paid lobbyists to Capitol Hill.

At a time when this Nation's cities are hemorrhaging, when unemployment continues to rise, and when the American people are hurting, this tax giveaway and Band-Aid approach to relief is tragic. I urge my colleagues to join me in opposing H.R. 11.

Mr. MACHTLEY. Mr. Speaker, I rise today in support of H.R. 11, the Revenue Act of 1992. Today's passage of H.R. 11 marks a nearly final chapter in a long and tragic story that has decimated our economy and threatened the livelihood of thousands of families throughout the Nation.

This bill repeals the luxury tax on boats and jewelry, which were included in the so-called deficit reduction bill passed in 1990. As we all know, this bill badly failed to meet its objectives as we have seen a doubling of the deficit since the bill's passage.

Mr. Speaker, on January 1, 1991, the jewelry and boating luxury taxes took effect. Since that fateful day, we have witnessed thousands upon thousands of workers being thrown out into the street without a job from what were once two of this Nation's—and indeed my State of Rhode Island's—most proud and productive industries.

Instead of penalizing the wealthy and raising revenue as we were promised, these luxury taxes only served to damage the livelihood of uniquely skilled boating and jewelry craftsmen who have contributed so much to our economy and to our heritage. The wealthy, on the other hand, simply found other ways of spending their money, such as purchasing boats and jewelry abroad.

In fact, a total of 2,000 out of Rhode Island's 4,000 boatbuilding employees lost their jobs due to the luxury boat tax. These jobs averaged about $12 per hour. Additionally, this tax forced the closure of Pearson Yachts, a nationally known boatbuilder in my hometown of Portsmouth, RI.

Those of us who have worked long and hard to pass legislation to repeal these taxes know that 18-plus months of damage will be difficult to repair. A stand-alone repeal bill should have been on this floor long, long ago.

I commend all of my colleagues, Republican and Democrat, who I have worked with to restore viability of our jewelry and boating industries. Next time, let's hope that Congress thinks first before enacting such damaging legislation as the luxury taxes.

Mr. COYNE. Mr. Speaker, I rise in support of this legislation and want to note in particular the fact that this bill would permanently extend the small issue Industrial Development Bonds Program.

I introduced legislation to extend the IDB Program at the beginning of this Congress which has been cosponsored by over 230 Members of the House. Members of the House know that industrial development bonds and small issue Aggie bonds create jobs in their own district and in areas large and small across the United States.

The Industrial Development Bond Program is the only Federal program promoting the growth and expansion of small manufacturers available to State and local governments. The result has been to enhance the international competitive position of U.S. manufacturing and to preserve American jobs that might have been lost to foreign manufacturing facilities.

IDB's play a critical role in providing the good paying manufacturing jobs that allow U.S. workers to support their families and pay taxes. Between 1987 and 1990, IDB's annually have created an estimated 59,000 new manufacturing jobs and facilitated the retention of 73,000 jobs through the financing of roughly 1,100 projects (based on a 1989 volume of $3.227 billion).

Industrial development bonds are used throughout the United States to achieve the goals set by this committee. Only the mortgage revenue bond program represents a larger proportion of State and local bond activity. At a time when total manufacturing employment has declined over the past decade, the number of workers in smaller plants (those with fewer than 250 employees) has actually grown by over 500,000.

Since 1986, the Ways and Means Committee has regularly voted to extend temporarily the qualified small issue IDB Program. Unfortunately, the threat of periodic sunsets has limited the ability of State and local governments to utilize this program in the most effective manner. Still, small issue IDB's continue to play a central role in the economic development strategies of most U.S. State and local governments even with this limitation.

The important national economic role played by IDB's is one reason why the House has historically given its strong support to extension of the Industrial Development Bond Program. Industrial development bonds have kept open firms that might have closed or gone overseas, and have created in my own State of Pennsylvania over 7,800 new manufacturing jobs and preserved another 15,725 jobs that would have been lost between 1987 and 1990.

Passage of the bill reported by the Ways and Means Committee will finally provide a permanent extension of the small issue IDB Program. Support for this bill will remove the uncertainty over sunsets and permit small firms in every congressional district to expand and retain good-paying jobs.

Mr. Speaker, I urge my colleagues to support the bill and support permanent extension of small issue industrial development bonds.

Mr. CONYERS. Mr. Speaker, I ask unanimous support to revise and extend my remarks.

Mr. Speaker, I support this legislation with a great deal of reservation. I appreciate the effort of the majority leader to do the best he could against an administration more intent on lining the pockets of the rich than in lending a helping hand to the poor.

We started this process in response to a rebellion in Los Angeles. We've ended it with a windfall for corporate America and a whimper from the Congress. It's very painful for me to vote "yes" for legislation that provides $2 in tax breaks for the rich for every $1 it spends on the people most in need.

It's a sad day for this body when in order to get $500 million more in spending a year for our cities we have to repeal the luxury tax, modify the passive loss provision which will promote a new round of real estate speculation, and allow corporate tax writeoffs for so-called good will. Good will for business will create bad will with workers and lead to a new wave of corporate mergers.

Perhaps the biggest affront in this measure is the not-too-thinly veiled attempt at union busting at Federal Express.

Mr. Speaker, you can't get blood from a turnip. I know what is possible with this President. Therefore, notwithstanding these odious provisions, I will vote for the measure.

Mr. ARMEY. Mr. Speaker, the 1990 budget agreement was harmful to the economy in many ways, but perhaps the most noticeable provision is the luxury tax that was intended to soak the rich.

This excise tax zeroed in on five industries and targeted them for destruction with the precision of a smart bomb. The American workers

who build, sell, and service expensive cars, boats, planes, furs, and jewelry never had a chance.

Several of our colleagues deserve special praise for getting into the battle early and fighting consistently to repeal these job-killing taxes.

Early last year OLYMPIA SNOWE opposed a bill to repeal the tax on boats, and also joined with Senator CONNIE MACK to produce a Joint Economic Committee minority report on the negative effects of these painful taxes.

DICK NICHOLS of Kansas sponsored a bill to repeal all five of these taxes, and also worked diligently with Representative BILLY TAUZIN and myself to put together a bipartisan coalition to totally eliminate the luxury taxes.

And of course CLAY SHAW of Florida who fought long and hard on the Ways and Means Committee to repeal the luxury taxes.

It is time to repeal these taxes and allow the American workers in these industries go back to work building boats and planes and selling cars, furs, and jewelry.

Mr. MINETA. Mr. Speaker, I rise in opposition to H.R. 11, the Revenue Act of 1992. Due to the restrictive nature of today's floor debate, critical amendments were prohibited from being offered and, therefore, I must oppose this legislation.

One instance in particular: I had planned to offer an amendment to strike the provision in H.R. 11 which removes the collective bargaining condition from the airline pilot pension plan exemption regarding the nondiscrimination rules of ERISA.

This provision clearly assists one individual company's attempt to undermine the union organizing efforts of its pilots and the full House should have the opportunity to remove it from this legislation.

Under current law, airline pilot pension plans are exempt from the nondiscrimination rules of ERISA if, and only, the plans are negotiated in bona fide collective bargaining.

The inclusion of a provision to remove the collective bargaining condition, thus broadening the exemption to include all airline pilots regardless of whether or not they are organized, violates the principle that Congress should not intervene on behalf of one particular side in a labor-management dispute or a legitimate organizing effort.

Mr. Speaker, nonunionized workers have no comparable process to ensure that they receive fair treatment. For this very reason, a variety of laws, including the Internal Revenue Code, contain minimum standards to ensure fair treatment of workers.

Currently, the Internal Revenue Code requires noncollectively bargained pension plans, including nonunion airline pilot plans, to meet certain nondiscrimination rules to prevent discrimination against workers who are not highly compensated. This type of protection is crucial.

Furthering this argument is the fact that only one airline, Federal Express, is actively pursuing this type of exemption for its pilots. It is clear that their motive is not wholly selfless, but rather a demonstration to their company pilots that there is nothing to be gained from organizing a union to improve their pension plan because the Congress will change the law.

And Mr. Speaker, let me be very clear: This is not a quarrel with the Federal Express Co. I personally have great admiration for the company's success. In fact, I was the author of the provision which lifted the 7,500 pound weight limitation on air freight; action which effectively allowed the Federal Express Co. to compete in a deregulated environment.

Mr. Speaker, the provision in H.R. 11 is the very same provision which engendered significant controversy as part of the previously vetoed bill, H.R. 4210.

You may recall that a letter signed by 44 of our Democratic colleagues expressed such strong opposition to this provision that we were willing to vote against the conference report on H.R. 4210.

It was only after receiving assurances from Members of the House Democratic leadership that they would oppose this type of provision in future Democratic-authored tax measures that I relented and voted for the bill while urging my colleagues to do the same. These assurances make the current restricted framework all the more frustrating.

Mr. Speaker, there are provisions in this bill that I support which I believe would help to rebuild our economy, provide jobs, and help to reinvigorate the U.S. industrial and education infrastructures.

I want the record to show that I support the provisions in the bill that make permanent four of the expiring tax provisions including the low-income housing tax credit, the targeted jobs tax credit, mortgage revenue bonds, and small issue development bonds.

I aslo support the extension of the expiring tax credits such as the R&D tax credit and the section 127 exclusion for employer-provided education benefits.

Finally, I support the repeal of the luxury tax on boats, airplanes, jewelry, and furs, with indexation of the threshold for automobiles. This tax was misguided and has caused unacceptable job loss across the Nation.

It is my hope that the misguided provision in this bill that provides for the amortization of intangible assets over a period of 14 years will be fixed during the conference on this bill. This provision will act as a 20-percent sales tax on high-technology investments and will undermine the efforts of high technology companies to commercialize new technology, which is vital in this competitive information age.

Mr. Speaker, we must resist every attempt to use the Congress as a tool to thwart the legitimate efforts of employees to organize and thus, I must oppose this legislation.

Mr. SERRANO. Mr. Speaker, I rise in strong support of H.R. 11, legislation that will implement substantive urban aid programs to assist our Nation's beleaguered cities.

The violence that overtook south central Los Angeles last May was only the most dramatic indicator of the despair that has accumulated in our Nation's cities after more than a decade of neglect from Washington. Those of us who live amid the poverty, poor health, unemployment, crime, and drug abuse that is so prevalent in parts of all of our great cities know from daily experience how badly our Nation's wounds have festered.

Mr. Speaker, at long last we have before us in H.R. 11 legislation to comprehensively address the myriad problems that have contributed to a cycle of decline in our cities.

The centerpiece of this legislation is the extension of an array of important tax benefits to businesses that locate in and employ the residents of 25 areas designated as urban enterprise zones. By giving employers valuable incentives to invest in distressed areas, this legislation will help set the designated zones on a path toward revitalization and renewal.

Some have said that this legislation is inadequate because it designates only 25 urban enterprises zones, while many dozens of urban areas are in equally dire need of this assistance. I agree with this criticism. My colleagues are correct; this in itself is not enough—but it is a very important first step.

Mr. Speaker, I believe that as the benefits and ultimate cost-effectiveness of enterprise zones become apparent, we will be ready, willing, and able to replicate this program to other distressed urban areas within a short period of time.

I fully support this important legislation.

Mr. RAMSTAD. Mr. Speaker, I rise today in support of H.R. 11, the Revenue Act of 1992.

Mr. Speaker, the unemployment figures released this morning should be of grave concern to all of us. For too long, Congress has delayed passage of a progrowth tax package which would help stimulate the economy and create new jobs for those Americans who need them.

I am pleased to see that Congress has decided to put aside politics as usual to produce legislation that will help the American people, especially those in our depressed urban centers.

By creating targeted enterprise zones, this measure will provide needed jobs for many of our urban areas. Its partial tax break on capital gains should give businesses incentives to invest in our inner cities and employ many of the poor who want to get off the welfare rolls and into the labor force.

While I would rather see the complete elimination of taxes on capital gains in these areas, I believe that this bill represents a good start in the right direction.

In addition, I am delighted to see Congress provide funding for the President's Weed and Seed Program.

This program, which coordinates law enforcement, community policing, and social services efforts at the Federal, State, and local levels, has been tremendously successful in pilot programs across the country and promises to be a very effective tool in cleaning up and revitalizing the hardest hit neighborhoods in the country.

This bill also includes a number of important tax provisions that will move us toward an economic recovery more quickly.

For example, by reinstating the passive loss deduction for real estate professionals, this bill will restore the attractiveness of real estate investment, boost currently low market prices, increase construction jobs, and make low-income housing more available.

In addition, H.R. 11 repeals the luxury tax adopted in 1990, which has virtually destroyed a number of industries, throwing thousands of people out of work and losing millions of dollars in tax revenue from those now-unemployed workers. I strongly applaud the repeal of luxury taxes in this bill.

I am also pleased to see that this bill includes the so-called tax extenders which are critical to economic recovery. The targeted jobs tax credit helps millions of disadvantaged workers—especially people with disabilities—obtain employment. Mortgage revenue and industrial development bonds encourage much-needed, long-term, productive investment. These and the other nine tax extender measures are urgently needed to increase productivity, investment, and jobs.

As many of my colleagues have said before me, the bill has a number of provisions that must be corrected before this legislation is enacted, and I trust these will be addressed in conference. But the overall bill will be of great benefit to the economy and I urge its immediate passage.

Mr. HUGHES. Mr. Speaker, I rise in support of H.R. 11, the Revenue Act of 1992. This bill repeals the ill-conceived luxury tax on boats and other products, extends some of our most important economic growth incentive programs, relaxes the current real estate passive loss restrictions, and several other provisions that will help to rejuvenate our economy.

The luxury tax on boats has been a disaster from day one. I have seen companies whose top quality products and reputations made them successful for decades brought to their knees by the imposition of this tax in the middle of a recession. This tax lost money because workers who could have been earning money and paying taxes lost their jobs and collected unemployment.

Housing and real estate have led our economy out of past recessions, and H.R. 11 provides some tools to help those sectors do it again. First, it relaxes the real estate passive loss restrictions imposed by the Tax Reform Act of 1986. These restrictions were too harsh and were not phased in slowly enough to allow the industry to adjust. The bill also permanently extends the low-income housing tax credit and the tax exemption for mortgage revenue bonds, two proven real estate incentives.

The bill will also help create jobs in other areas. The expiring targeted jobs tax credit and the exemption for small issue industrial development bonds will be permanently extended, and the alternative minimum tax [AMT] depreciation schedule is accelerated to lower the costs of capital for businesses.

Finally, this bill also includes enterprise zone incentives for 50 of our poorest rural and urban areas. These incentives include wage credits, a capital gains reduction for long-term investment, increased initial depreciation allowances, deductions for investing in enterprise zone businesses, and other incentives. While we have to be careful that these incentives actually create new jobs and do not merely shift employment from one area to another, I believe that the zones are an approach worth trying.

There are some provisions in the bill that are of questionable value and I would not support them on a separate vote. But, on balance, it is a good bill and worthy of our support.

Mr. HOAGLAND. Mr. Speaker, as we debate today H.R. 11, the Revenue Act of 1992, I want to thank the leadership of the House and the President for putting together a bill that will address some inner cities and distressed rural areas.

Enterprise zones can help areas like South Omaha and North Omaha in my district. Many Omaha citizens need improved schools that will stimulate the interest of their youngsters to stick with it, to complete their high school education, and to have the skills to go into the work force. They need good jobs and to know that the jobs are out there, new housing and a sense of community. They need hope for the future.

Without a sense of opportunity, people begin to lose hope. When people lose hope, they lose confidence in themselves. They see no prospects of working their way up, and they stop trying. Investors lose confidence when communities decay. They decide to put the new grocery store, bank, or manufacturing plant in another part of town rather than take a risk.

Where there is little hope, little work, poor education and poor health care, some people turn to drugs. In spite of the best efforts of many community leaders, some Omahans have become victims of the drug epidemic; others have become guilty of spreading the drugs and violence. I know the people in Omaha want to fight back against this epidemic—more than 300 people came to a town hall meeting last year to show their concern about the crime and drug problem. Groups like MAD DADS are trying to fight the drug problem by acting as positive role models for at-risk youth. But the war on drugs will always be an uphill fight until we can break the cycle of unemployment, underemployment, and hopelessness which ravages these communities.

It's time we made a serious effort to help break the cycles of poverty and depression that plague distressed areas. This bill is a step in that direction. The bill before us today would authorize HUD to select 25 cities as urban enterprise zones and authorize the Secretary of Agriculture to select 25 regions as rural enterprise zones. In addition, the enterprise community block grants in the bill are intended to attack a range of problems, from health and nutrition deficiencies, lack of job training and educational opportunities, poor housing, and crime. The tax provisions, especially the wage credit, can help create jobs for residents of the designated zones.

Let me give a concrete example of how these programs can work in my district. There are several vacant and abandoned buildings in South Omaha and in North Omaha. Investors are reluctant to develop the areas because they seem risky. The current treatment of passive losses discourages such development efforts. This bill would create additional incentives to develop a distressed area, by changing passive loss treatment. Businesses would be encouraged to invest in the zone through investment incentives such as increased expensing and capital gains tax reduction. Residents can be better able to take advantage of these opportunities with the help of job training programs. The wage credit encourages hiring residents of the zone. The grants would help attack the crime problem, improving the quality of life for the residents as well as providing a more secure investment climate. All of these working together can offer the hope of a better future.

I urge Members to support this bill. We have a chance to make a difference. Let's take a real step toward providing hope to our cities.

Mr. KOLTER. Mr. Speaker, I rise in opposition to H.R. 11 due to a provision that would amend the Federal Tax Code concerning pension plans for commercial pilots. This provision, Mr. Speaker, is a perfect example of how a controversial and meritless idea motivated by a particular interest finds its way into an otherwise sound piece of legislation.

This provision would alter the tax code to give nonunion pilots the same treatment as union pilots under the Tax Code pension rules. In a nutshell, this attempt to change the Federal Tax Code is an effort to undermine organized labor. As things stand now, union commercial pilots are exempt from discrimination testing in the existing code for a very good reason; they can generally take care of themselves and have collective bargaining power. Therefore, the same rules don't need to apply.

Backers of this change claim that nonunion employees are discriminated against. This argument misses the point. If nonunion pilots are lumped in with union pilots, both highly paid employees, the discrimination is against the mechanics, clerks, drivers, and all other lower paid employees. This attempted alteration would fundamentally change the intent of the present exclusion.

Let's be honest. This is no more than an attempt by certain aircraft operators to erode the influence of its airline unions. If we were to change the Federal Tax Code every time an organized group; whether it be bankers, lawyers, environmentalists, or whomever, wanted to gain leverage against a competitive interest, Congress would be amending it every month. Considered alone, this provision would not survive on its own merits.

H.R. 11, Mr. Speaker, is supposed to be about economic growth: stimulating construction, manufacturing, urban investment, job creation, and education. This provision does nothing to spur economic growth. In fact, it is special interest provisions like this that do nothing but lengthen the odds that needed legislation will be enacted.

Mr. FOGLIETTA. Mr. Speaker, I rise today to express my support for this urban aid package and the assistance it will bring to cities like my own Philadelphia.

I support this bill because it begins, again, to focus Federal attention on America's cities.

I support the enterprise zone concept because it will bring jobs and opportunity and hope to desperate city neighborhoods across America.

I support the Enterprise Community Block Grant Program because it will help enterprise neighborhoods with better health programs, crime-fighting assistance, and better housing.

I support many of the tax programs—like the low-income housing tax credit and mortgage revenue bonds—because it will mean more and better housing in urban America.

I support the job assistance dollars available for young adults because these are the men and women who are having the most trouble finding good jobs in our cities.

I support the targeted jobs tax credit because it means that businesspeople will again begin hiring poor young men and women.

I supported and worked hard for the match waiver provision because it will turn the $15 billion vision of last year's highway bill into

new highways, improved mass transit systems, and most importantly, good jobs in our cities. I am disappointed that it was negotiated away.

This is a good bill, however.

But we must not consider this to be the end to our flirtation with the American city. This is just the beginning.

I know I speak for the urban caucus, which I chair, and its 78 members in telling my colleagues, the White House, and America, that we are not going to let you forget the people of our cities by passing this legislation. You are not going to put cities back in a file drawer of dead issues.

We have much more work to do.

We must continue our fight for good jobs, opportunity, and promise for the people who live in our cities.

Mr. ESPY. Mr. Speaker, I rise today in support of this aid package. Like all compromises, it includes some things I want and some things that I don't want, and leaves out some things that I wanted very much.

In addition to urban and rural enterprise zones, it extends the low-income housing tax credit, targeted jobs tax credits, and other important extenders. That's all good.

But my primary concern is that whatever package we produce must pass the asset test. We can debate capital gains tax breaks, and other tax benefits, for investors, but we need to focus on policies which help people in distressed areas who don't have any capital, any assets, to begin with.

That's why I wanted an opportunity to amend this bill and promote the development of employee stock ownership plans within urban and rural enterprise zones. I wanted to allow workers in enterprise zones to also become owners. But I can't under suspension of the rules.

By leaving out ESOP's, this bill fails the asset test. But when it comes to welfare reform, it passes.

It passes the asset test by allowing States to raise the $1,000 asset limit for welfare recipients up to $10,000 if money is being saved for education, to start a microenterprise, or to purchase a home.

It requires States to exempt the first $10,000 of net worth of a microenterprise from the asset test.

Lastly, this bill exempts any earnings of a child who is a student from the resource test, so a child could work and save for college without it counting against the families income.

In this bill of $2.5 billion in enterprise zone tax benefits, raising the asset limit to $10,000 for welfare recipients might sound insignificant. But it is very significant for families on welfare, who need savings, and assets, to move off welfare.

I urge my colleagues to support this legislation.

Mr. MCMILLEN of Maryland. Mr. Speaker, I rise in support of H.R. 11, the Revenue Act of 1992. This is a good bill, and contains some changes in the Tax Code which are long overdue.

Of particular importance is the repeal of the luxury excise tax on boats, effective January 1, 1992. There are times when we have to recognize when we have made a mistake, and work to remedy it. This is one of those times.

While the tax was ostensibly aimed at hitting the wealthy, it sunk the boating industry. The boating industry, with national sales down by over 40 percent in the last year and a half, is in a state of depression. Already reeling from a national recession, the luxury tax was the straw which broke the camel's back. This repeal is crucial in getting the industry back on track.

I am also pleased that this bill will permanently extend the tax preference for small-issue industrial development bonds, the targeted jobs tax credit, the low-income housing tax credit, the mortgage revenue bond tax exemption and other such measures.

These tax provisions are fundamentals which strengthen our economy, and encourage the needed investments for our future. They are cost-effective, and have proven themselves in practice.

Continuing the tax exemption for industrial development bonds (IDB) is a particularly important measure. IDB's are an effective economic development tool, which leverage private and public capital for local development. At a time when Congress is looking for new incentives to spur economic growth, we must not lose sight of an existing tool for creating and preserving jobs.

Similarly, the mortgage revenue bond program has been crucial in helping single families buy their own homes. Aside from bolstering the construction industry, this provision—along with the low-income housing tax credit which will also be extended—provides a useful social function in facilitating home ownership.

In an era of limited Federal resources, it is these types of incentives which will prove to be essential to our future. They help State and local governments create jobs, provide housing, and take care of local needs—all in a cost-effective manner. One of the successes of America's local government has been its access to capital markets, which have allowed local governments to meet the needs of the local community. This measure maintains that access.

The bill also includes provisions designed to protect the rights of taxpayers—including the establishing of a taxpayers' advocate, prohibiting the Treasury Department from issuing regulations that apply retroactively, and making IRS agents personally liable if they are found to have acted capriciously or negligently.

I am also supportive of the the adopted changes in the passive loss provisions which allow real estate developers and brokers to use losses from rental real estate to offset other income. Under current law, taxpayers cannot use losses from rental real estate to offset any other types of income. Thus, a real estate professional cannot offset legitimate rental losses from other income. This means that real estate managers are paying taxes on gross income and not net income.

Anytime government policy disrupts the balance of the market, there will be a price to pay. The policies of the early 1980's skewed economic decisionmaking. I have long been concerned, however, that Federal policy reacted too strongly to this situation. The repeal of the passive loss provisions in 1986 went too far and ended up skewing economic decisionmaking in a different direction.

This clearly has a negative impact—and not just on the real estate industry; it's also hurting our financial industries. Consequently, we will not see a significant economic rebound until we see real estate back on its feet, and we need to change the passive loss provisions to see that happen.

Mr. Speaker, this legislation is a necessary step in the right direction, and I commend the Ways and Means Committee for their efforts in putting this package together. I urge my colleagues to support this long awaited measure.

Ms. SNOWE. Mr. Speaker, last week, I was very pleased to see the Ways and Means Committee include the repeal of the luxury tax on boats in its latest tax bill. This action was a very positive development for Maine's boat building industry, at a time when such good news is in short supply.

The boat building industry in Maine has just been devastated by the boat tax. Hundreds of Mainers have lost their jobs, and the job security of the remaining employees at these small businesses is being seriously threatened, as long as this ill-fated tax remains in effect.

I have been actively involved in numerous, bipartisan efforts to repeal the 10-percent Federal excise tax on boats selling for more than $100,000. I met with a large group of boat builders at a town meeting in Ellsworth last April. At this meeting, those workers told me that the luxury tax on boats was decimating Maine's boat building industry, and companies were laying off highly skilled, workers due to a lack of orders. I publicly pledged to those workers that I was fully committed to doing anything, and everything, I can do to help repeal this tax.

For example, last April, I wrote a letter to joint bipartisan leadership of the House Ways and Means Committee urging the committee to hold public hearings to examine the impact that the tax is having on the domestic boat building industry. Later that month, I cosponsored H.R. 951, Congressman CLAY SHAW'S legislation to repeal the luxury tax.

In May, I introduced my own legislation repealing the luxury boat tax. That measure, H.R. 2487, also containing offset provisions to ensure that its impact on the Federal budget deficit would be minimized. In June, I testified before a Senate Finance Subcommittee in support of S. 649, legislation introduced by Senators BREAUX and CHAFEE to repeal the luxury boat tax.

In July, along with Congressman DICK ARMEY and Senator CONNIE MACK, I jointly released a Joint Economic Committee [JEC] report examining the impact that the luxury taxes on boats, planes, and jewelry is having on the economy. The Snowe-Mack JEC report concluded that the boat tax would cost the Federal government, on a net basis, $15 million in revenues and result in the loss of 7,600 jobs. Subsequently, Congressman ARMEY and I sent the Ways and Means Committee a copy of Snowe-Mack report and renewed our request for a public hearing to examine the impact the boat tax is having on the domestic boat building industry.

In November, I worked with several other Republican colleagues in a successful effort to get the House Republican economic recovery package to include provisions repealing all 5 new luxury taxes. This package was presented to President Bush by the House minority leadership. The next day, the President en-

dorsed the package and urged the 102d Congress to adopt it. Unfortunately, this request was rejected by House Democratic leadership.

This past January, President Bush included repealing the luxury boat tax in his fiscal year 1993 budget proposal to the 102d Congress. Shortly thereafter, I joined with 73 other Members of the House wrote to Ways and Means Committee Chairman ROSTENKOWSKI expressing support for including the repeal of the luxury boat tax in any economic growth package that the committee developed this year.

In March, the full House of Representatives approved the final conference committee report on omnibus tax legislation, H.R. 4210. Included in the final version of this bill were provisions that repealed the 10-percent Federal excise tax on certain boats, airplanes, furs, and jewelry. However, President Bush voted H.R. 4210, citing the tax increases on upper income individuals as the primary reason for his opposition to the bill's enactment. The House failed to override the President's veto on March 25. As such, the provisions in H.R. 4210 repealing the luxury tax on boats, unfortunately, could not go into effect.

One of the primary reasons I supported H.R. 4210 on three separate occasions was the fact that it repealed the 10-percent Federal excise tax on boats costing more than $100,000. I voted in support of the original House bill, the final bill, and in support of overriding the President's veto of H.R. 4210, with the goal of repealing the luxury boat tax as a crucial provision that needed to be enacted into law as soon as possible

As the House considers H.R. 11 today, I urge all of my colleagues, on both sides of the aisle, to support this important bill. The prompt passage and enactment of this bill is essential to the continued viability of our domestic boat building industry.

Repealing the luxury tax on boats is a long overdue course of action. I hope that the Congress will be successful in its second attempt to repeal a tax that has not raised any appreciable revenues from the wealthy, but has instead put thousands of people across the nation out of work.

At a time when the economy is struggling to recover from a recession, repealing the boat tax is one good way for the Congress to demonstrate its commitment to helping make this recovery become a reality for thousands of working men and women in the United States.

Mr. OWENS of New York. Mr. Speaker, I rise in opposition to H.R. 11, the Revenue Act of 1992, which has been falsely labeled an "urban aid package". It is nothing of the sort. The so-called antipoverty provisions of this bill are nothing more than a Potemkin Village constructed to obscure the $12 billion in tax breaks the bill offers wealthy corporations.

When I first read over the details of this package, I found little in it which was appealing or compelling, but I was prepared to support it because it at least offered something, a few token crumbs, to address the misery in urban America. With this bill, as with the Higher Education Act and so many others before it, we are told that we cannot do more to address the needs of low-income families because of the massive budget deficit. We have to take what we can get.

But we only seem to hear that argument in this body when we are considering legislation which seeks to help powerless poor people. Only poor people are told they must accept crumbs. When it considers any other piece of legislation, this body politely steps aside and allows the rich and greedy to amble up and gorge themselves at the trough of the Federal Treasury. The most egregious and expensive example of this, of course, is the S&L bailout, but we see examples of this inexcusable double standard literally every day this body meets. Just a few hours ago the House voted down an amendment which would have cut $700 million from the $3.5 billion provided for the star wars program in the Defense appropriations bill. There was never much to justify star wars even at the height of the cold war, and now with communism vanquished and both the United States and Russia speedily dismantling their nuclear armaments, it is a program devoid of rationale. And yet this body refuses to slice even a paltry amount from the billions we pump into this obsolete fantasy of the Pentagon and the military-industrial complex.

Enough is enough. I am sick of settling for crumbs.

This bill will do little or nothing to fight poverty in America. The backbone of this bill's putative antipoverty provisions is the designation of "enterprise zones" in 25 urban and 25 rural communities and the provision of tax incentives to businesses which locate in these areas. This is a feeble and ultimately counterproductive approach to addressing poverty because, even when and if it succeeds, an enterprise zone does not create new jobs—it just shifts them from one place to another. Its underlying premise—that there are more than enough jobs to go around for everyone who wants one—is demonstrably untrue in our currently depressed economy. Moreover, where enterprise zones have been tried, they have not proven very effective in attracting new businesses and investment into the zones. Few businesses have found the incentives sufficiently alluring to move into the zone, and those that have moved have tended to be service-sector businesses—fast-food franchises and the like—which do not provide the kind of jobs which pay enough to support a family or upon which a man or woman can build a career.

H.R. 11 does provide more tangible and effective aid to persons living in enterprise zones in the form of a 5-year $2.5 billion block grant that would be divided among the 50 designated zones—roughly $10 million per year per zone—and used to support job training, education, and social services, law enforcement, and housing development. This kind of assistance is urgently needed in every low-income community in America and yet this bill limits the aid to a mere 50 neighborhoods nationwide. Instead of addressing long-term unemployment and the problems of all low-income families fully and comprehensively, this bill gives us a token effort that will only reach and help a fraction of the Nation's poor.

I am also concerned that the enterprise zones in H.R. 11 are badly targeted and are unlikely to be designated in the most distressed and poverty-stricken areas of this Nation. The legislation gives the administration sufficient latitude to use the awarding of zone designations as a political tool, handing them out to those communities in which they can provide the maximum political benefits to the Bush administration.

While this bill will do little to help poor people in America, it will do much to line the pockets of American corporations by providing an astonishing $12 billion in tax breaks. Some of these, including the targeted jobs tax credit and the low-income housing tax credit, are worthwhile and should be reauthorized. But H.R. 11 would also create an obscene abundance of expensive new tax breaks for corporations. The luxury tax on boats and yachts which cost more than $100,000 and on furs and jewelry which cost more than $10,000 would be repealed. Faster depreciation of assets would be provided to corporations under the alternative minimum tax, a new tax break of $1.4 billion. The Federal Express Corp. would get a special tax benefit it has been seeking to help it defeat a union organizing among its pilots. And most ludicrously of all, H.R. 11 gives corporations a tax writeoff for goodwill such as customer loyalty. If someone proposed something comparable for individual taxpayers—such as getting a tax writeoff for having a good personal reputation or being renowned for their cooking—they would be laughed off Capitol Hill. And yet here in this bill is much the same kind of giveaway for corporations and no one even cracks a smile.

More than 20 years ago, Martin Luther King, Jr., described dissent against social injustice as "America's hope". He urged us to recognize that standing up and speaking out against indignity and injustice may make some people feel uncomfortable, it may get you called arrogant or ungrateful, but it is utterly necessary and utterly American:

> It shines in the long tradition of American ideals that began with courageous minutemen in New England that continued in the abolitionist movement, that re-emerged in the populist revolt and, decades later, that burst forth to elect Franklin Roosevelt and John F. Kennedy. Today's dissenters tell the complacent majority that the time has come when further evasion of social responsibility in a turbulent world will court disaster and death. America has not yet changed because so many think it need not change, but this is the illusion of the damned. America must change because twenty-three million black citizens will no longer live supinely in a wretched past. They have left the valley of despair; they have found strength in struggle; and whether they live or die, they shall not crawl nor retreat again. Joined by white allies, they will shake the prison walls until they fall. America must change.

In my community and in communities throughout the Nation, there is growing outrage against what is perceived to be smug and somnolent leadership in Washington which does not respond to the problems real people face in their lives. You need look no further than this pathetic bill to see how right they are in that assessment. What began as an effort to respond substantively to the horrible misery and privation of inner city Americans has now become a vehicle for shoveling yet another $12 billion in tax breaks into the Treasury trough at which big business already feeds and fattens itself. Is there no shame?

Mr. Speaker, I dissent today. I refuse to participate in the illusion of the damned. America—and this Congress—must change and I must vote "no."

Mr. HAYES of Illinois. Mr. Speaker, I rise today to express my opposition to H.R. 11, the urban aid bill, before us today. As a Member who represents a community in Chicago that has been devastated by Reagan/Bush anticities policies, I feel that it is critical that we begin to focus our attention on the needs of our cities. I cannot in good faith lend my support to this measure because for purely political motive this measure has been drafted and not considered. I cannot perpetrate a lie to those suffering in urban areas, because this measure in no way assists the crises currently existing in this Nation's inner cities, including the city of Chicago.

While H.R. 11 assists by extending several expiring tax credits, including the targeted jobs tax credit and low-income housing tax credit, which I have historically supported. I believe that our leaders have not been innovative in the approach to improve our economy. This legislation takes a very traditional approach to an enormous problem. Instead of funding programs that in the past have truly assisted our cities by creating jobs and rebuilding the infrastructure, the effort is to again spur the economy through tax incentives to corporate America and the wealthy. We have taken this approach over and over again, and it is clear to me the product of this trickle-down mentality has been the turmoil we've seen nationwide in our cities and towns.

I just believe that we ought to be honest about this bill because it does not truly aid urban America. Only $2.5 billion of the bill's $14 billion is even dedicated to urban areas under the enterprise zone provision, and there is no requirement that these zones be located in economically disadvantaged areas. The administration has been successful in serving their wealthy constituents by securing a capital gains tax break which does absolutely nothing to improve inner-city conditions. And finally, I am gravely disappointed that the special provision, which clearly undermines the right of Federal Express pilots to unionize, has been attached to this legislation. This provision should be removed.

Mr. Speaker, while some will vote for this bill because they believe that some help is better than none at all, I cannot participate in what amounts to an election year hoax. If we do not begin to commit ourselves to addressing the plight of our urban cities, then we jeopardize the future of our country as a whole. Domestic reform must surge to the top of list of issues for immediate attention. Until our leaders in this Congress, as well as in the Bush administration, begin to expose themselves to urban areas beyond the extent of 5-minute media plugs after a major riot, we cannot expect them to make realistic decisions.

We must directly invest in the people of this Nation if we are going to make our cities productive again. Be it Los Angeles, New York City, or Chicago, the boiling point is literally just around the corner. The Congress must appropriately respond, negating their basic interest in being reelected. The pain and suffering is great in our urban areas and the response ought to directly address the need.

Mr. REED. Mr. Speaker, I am concerned that the provisions of section 4501 of H.R. 11, the Revenue Act of 1992, dealing with the amortization of certain intangibles, could be counterproductive.

I recognize that legislative clarification should be given for certain intangibles such as customer lists. For many small businesses, a customer list is the major asset, and it is an asset which can lose value over time as demographic and economic factors change. Hence, there should be a clear amortization schedule for these intangible assets.

Section 4501, however, goes beyond intangible assets such as customer lists and embraces a broader and more problematic set of intangible assets, particularly goodwill. Goodwill is the intangible quality of a business based on many subjective factors such as reputation. Because goodwill is difficult to quantify it can be susceptible to manipulation. This problem is further exacerbated in the context of corporate acquisitions. The possibility of deducting goodwill could inflate acquisition prices or, alternatively stated, justify excessive acquisition prices not on economic grounds but because of tax benefits. The 1980's were replete with leveraged buyout transactions driven not by the economic potential of the enterprise but by tax advantages. When these tax advantages were exhausted, the underlying value of the firm was insufficient to justify continued operations under the burden of acquisition debt. As a result, thousands of jobs were lost and hundreds of firms failed.

Section 4501 raises the possibility of a repetition of some of the disastrous mergers and acquisitions of the 1980's. In sum, it could create artificial transactions based on the Tax Code and not the productivity and economic value of a business. If amendments were in order during consideration of H.R. 11, I would have voted to delete section 4501.

Mr. SANTORUM. Mr. Speaker, I want to commend the work of the members of the Ways and Means Committee on the Revenue Act of 1992. There are several provisions I wholeheartedly support.

The luxury tax which Congress imposed on the American workers has had the expected detrimental effect, and was by many estimates a revenue loser. It proves again that increasing the burden of taxes to penalize Americans who have achieved the American dream throws working Americans out of work while damaging the economy. This bill repeals this counterproductive tax, and which should be repealed. I also support the provisions which will stabilize the real estate market. Passive loss relief will promote more investment in low- and moderate-income housing. In addition, a permanent extension of the low-income housing credit and the mortgage revenue bond provisions provide a continued incentive to invest in needed housing for all Americans.

There is a provision in this bill I support very strongly in principle, but am disturbed that it does not go far enough to be truly effective. I am speaking of enterprise zones. First, the incentives for job creation in the bill are only a small piece of Secretary Kemp's proposals. Stronger tax and regulatory incentives must be included if enterprise zones are to really be given a chance to succeed and meet the economic needs of many economically distressed communities.

Second, communities in and around Pittsburgh deserve to be designated an enterprise zone. I support very strongly the concept of enterprise zones. There are quite a few economically distressed areas in western Pennsylvania, and in fact in my district communities like McKeesport, Clairton, Duquesne, and Braddock, which have been neglected for years. There are hard-working, able people in these communities that want to work, but for many different reasons industry no longer finds their communities attractive to invest in.

More enterprise zone areas must be allowed to qualify than the 50 approved of in the bill. As I have said, incentives to business locating in these zones should be even greater. This is an initiative which, if it had been instituted 10 years ago, could have arrested the decay of our urban communities, and perhaps many of the people in my district who have seen such hard times would be employed, or if retired, would have the savings now to visit children and grandchildren in other places. Under a more comprehensive scheme, such as Secretary Kemp's proposal, many of the municipalities in my district would qualify for special tax treatment, much needed jobs would be created, and economic and community vitality would have been nurtured.

The solution to many of our urban problems is the creation of gainful employment. I hope that the passage of this bill indicates a willingness on the part of the Congress to support enterprise zones generally in all areas of need. I will work very hard in support of a bill which is broad enough to include Pittsburgh communities in its enterprise zone provisions.

Finally, I am pleased to support this bill with the understanding that it does abide by the Budget Enforcement Act. Through this bill, we will accomplish both needed job creation and economic growth without creating a greater debt burden for our children. The Congress is still irresponsible in regards to much of the spending legislation it passes, but my hope is that this measure will be a positive contribution to our children's future rather than a detriment.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] that the House suspend the rules and pass the bill, H.R. 11, as amended.

The question was taken.

Mr. ROSTENKOWSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 356, nays 55, answered "present" 1, not voting 22, as follows:

[Roll No. 268]

YEAS—356

Abercrombie	Bennett	Byron
Alexander	Bentley	Callahan
Allard	Bereuter	Camp
Allen	Berman	Cardin
Anderson	Bevill	Carper
Andrews (ME)	Bilbray	Chandler
Andrews (NJ)	Billrakis	Chapman
Andrews (TX)	Blackwell	Clement
Anthony	Bliley	Clinger
Applegate	Boehlert	Coble
Archer	Boehner	Coleman (MO)
Armey	Borski	Combest
Aspin	Boucher	Condit
AuCoin	Boxer	Conyers
Bacchus	Brewster	Cooper
Baker	Browder	Costello
Ballenger	Brown	Coughlin
Barrett	Bruce	Cox (CA)
Barton	Bryant	Cox (IL)
Bateman	Bunning	Coyne

Cramer	Jenkins	Pickle
Crane	Johnson (CT)	Porter
Cunningham	Johnson (SD)	Poshard
Dannemeyer	Johnson (TX)	Price
Darden	Johnston	Pursell
Davis	Jones (GA)	Quillen
de la Garza	Jones (NC)	Ramstad
DeLauro	Kaptur	Rangel
DeLay	Kasich	Ravenel
Dellums	Kennedy	Ray
Derrick	Kennelly	Reed
Dickinson	Kildee	Regula
Dicks	Kleczka	Rhodes
Dixon	Klug	Richardson
Donnelly	Kolbe	Ridge
Dooley	Kopetski	Riggs
Doolittle	Kyl	Rinaldo
Dorgan (ND)	Lagomarsino	Ritter
Dornan (CA)	Lancaster	Roberts
Downey	Lantos	Roemer
Dreier	LaRocco	Rogers
Duncan	Laughlin	Rohrabacher
Durbin	Leach	Ros-Lehtinen
Eckart	Lehman (CA)	Rose
Edwards (OK)	Lent	Rostenkowski
Edwards (TX)	Levin (MI)	Roth
Emerson	Levine (CA)	Roukema
Engel	Lewis (CA)	Rowland
English	Lewis (GA)	Roybal
Erdreich	Lightfoot	Russo
Espy	Lipinski	Sabo
Ewing	Livingston	Sangmeister
Fascell	Lloyd	Santorum
Fawell	Lowery (CA)	Sarpalius
Fazio	Lowey (NY)	Sawyer
Feighan	Luken	Saxton
Fields	Machtley	Schaefer
Fish	Manton	Schiff
Flake	Marlenee	Schulze
Foglietta	Martin	Schumer
Ford (TN)	Matsui	Sensenbrenner
Franks (CT)	Mavroules	Serrano
Frost	Mazzoli	Sharp
Gallegly	McCandless	Shaw
Gallo	McCloskey	Shays
Gaydos	McCollum	Shuster
Gejdenson	McCrery	Sikorski
Gekas	McDade	Sisisky
Gephardt	McDermott	Skeen
Geren	McGrath	Skelton
Gibbons	McMillan (NC)	Slattery
Gilchrest	McMillen (MD)	Slaughter
Gillmor	McNulty	Smith (IA)
Gilman	Meyers	Smith (NJ)
Gingrich	Mfume	Smith (OR)
Glickman	Michel	Smith (TX)
Goodling	Miller (CA)	Snowe
Gordon	Miller (OH)	Solarz
Goss	Miller (WA)	Spence
Gradison	Mink	Spratt
Grandy	Moakley	Staggers
Green	Molinari	Stallings
Guarini	Montgomery	Stark
Gunderson	Moody	Stearns
Hall (OH)	Moorhead	Stokes
Hamilton	Moran	Studds
Hammerschmidt	Morella	Stump
Hancock	Morrison	Sundquist
Hansen	Murtha	Swift
Harris	Nagle	Synar
Hastert	Natcher	Tallon
Hatcher	Neal (MA)	Tanner
Hayes (LA)	Neal (NC)	Tauzin
Hefley	Nichols	Taylor (NC)
Henry	Nowak	Thomas (CA)
Herger	Nussle	Thomas (WY)
Hoagland	Oakar	Thornton
Hobson	Olver	Torres
Hochbrueckner	Ortiz	Torricelli
Holloway	Orton	Towns
Hopkins	Owens (UT)	Upton
Horn	Oxley	Valentine
Horton	Packard	Vander Jagt
Houghton	Pallone	Vento
Hoyer	Parker	Visclosky
Hubbard	Pastor	Volkmer
Huckaby	Patterson	Vucanovich
Hughes	Paxon	Walker
Hunter	Payne (NJ)	Walsh
Hutto	Payne (VA)	Waters
Hyde	Pease	Waxman
Inhofe	Pelosi	Weber
Ireland	Perkins	Weldon
Jacobs	Peterson (FL)	Wheat
James	Peterson (MN)	Whitten
Jefferson	Pickett	Wolf
Wolpe	Yatron	Zeliff
Wyden	Young (AK)	Zimmer
Wylie	Young (FL)	

NAYS—55

Ackerman	Jontz	Rahall
Annunzio	Kanjorski	Sanders
Atkins	Kostmayer	Savage
Beilenson	LaFalce	Scheuer
Brooks	Lewis (FL)	Schroeder
Burton	Long	Skaggs
Campbell (CA)	McCurdy	Solomon
Carr	McHugh	Stenholm
Clay	Mineta	Swett
DeFazio	Mollohan	Taylor (MS)
Dingell	Murphy	Traficant
Early	Myers	Unsoeld
Evans	Oberstar	Washington
Ford (MI)	Obey	Weiss
Frank (MA)	Olin	Wilson
Gonzalez	Owens (NY)	Wise
Hall (TX)	Panetta	Yates
Hayes (IL)	Penny	
Hertel	Petri	

ANSWERED "PRESENT"—1

Martinez

NOT VOTING—22

Barnard	Dwyer	Mrazek
Bonior	Dymally	Roe
Broomfield	Edwards (CA)	Smith (FL)
Bustamante	Hefner	Thomas (GA)
Campbell (CO)	Kolter	Traxler
Coleman (TX)	Lehman (FL)	Williams
Collins (IL)	Markey	
Collins (MI)	McEwen	

□ 1704

Mr. WISE changed his vote from "yea" to "nay."

Mr. SPENCE and Mr. TORRES changed their vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT OF PUBLIC HEARING ON SOCIAL SECURITY BENEFITS

Mr. JACOBS. Mr. Speaker, on behalf of the Committee on Ways and Means, I announce that a public hearing will be conducted on the subject of the disparity of Social Security benefits, sometimes called the notch controversy, on the 23d of this month of July at 10 a.m. in room 1100, Longworth Building.

WAIVING CERTAIN POINTS OF ORDER AGAINST AND DURING CONSIDERATION OF H.R. 5517, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1993

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 102–651) on the resolution (H. Res. 509) waiving certain points of order against and during consideration of the bill (H.R. 5517) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1993, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5100, TRADE EXPANSION ACT OF 1992

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 102–652) on the resolution (H. Res. 510) providing for consideration of the bill (H.R. 5100) to strengthen the international trade position of the United States, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 5260, UNEMPLOYMENT COMPENSATION AMENDMENTS OF 1992

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 102–653) on the resolution (H. Res. 511) waiving points of order against the conference report on the bill (H.R. 5260) to extend the Emergency Unemployment Compensation Program, to revise the trigger provisions contained in the Extended Unemployment Program, and for other purposes, which was referred to the House Calendar and ordered to be printed.

SEXUAL HARASSMENT CHARGES IN THE NAVY

(Ms. PELOSI asked and was given permission to address the House for 1 minute.)

Ms. PELOSI. Mr. Speaker, earlier today the House considered the Defense appropriation bill, and I rise now to commend and thank our colleague, Chairman MURTHA, for his immediate and determined response to the sexual harassment of women aviators at the Navy's Tailhook Convention. When we considered the Defense appropriations bill in our full committee, members of the committee commended the gentleman from Pennsylvania [Mr. MURTHA] for the actions that he had taken and I want to convey some of those comments to this body.

Chairman MURTHA acted quickly for a full investigation and for full accountability. He also moved quickly to reduce Navy funding to send a message to the Navy that women would not be subjected to this type of behavior.

Mr. Speaker, I hope the House will join in commending our colleague, Chairman MURTHA, again for his sensitivity, his courage, and his sense of justice.

Mr. Speaker, I rise today to commend and thank my colleague, Chairman MURTHA, for his immediate and determined response to the sexual harassment of women aviators at the Navy's Tailhook Convention. Chairman MUR-

THA acted swiftly for a full investigation and full accountability. He also moved quickly to reduce Navy funding to send the message that women would not be subjected to this type of behavior. The individual aviators who participated in the incident, as well as their commanders, must be reprimanded and accept responsibility for their degrading behavior. Department of Defense policies must also protect anyone in the Armed Forces who is treated unjustly.

Mr. Speaker, this incident points to the larger issue that is commonplace in the Armed Forces for women. Women face discrimination, harassment, and degradation in the face of doing their jobs. Women have not yet been integrated into the Armed Services where men and women work side by side and in unison, but rather they are at odds with each other. The policies of the Department of Defense are not sensitive to the concerns of women.

I would also like to commend Lt. Paula Coughlin for her courage and determination in speaking out against the behavior of drunken aviators. It is difficult for a woman to come forward to discuss the details of degrading behavior, especially when her own superior does not take her seriously.

I commend my colleague and friend, Chairman MURTHA, again for his sensitivity, courage, and sense of justice.

Mr. MILLER of California. Mr. Speaker, will the gentlewoman yield?

Ms. PELOSI. I am pleased to yield to the gentleman from California.

Mr. MILLER of California. Mr. Speaker, I just would like to associate myself with the remarks of the gentlewoman in commending the chairman of the Subcommittee on Defense Appropriations for his very decisive action. I think it made us very proud as Members of this House that somebody would finally act in that decisive manner on this absolutely unacceptable behavior.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3221

Mr. VOLKMER. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of the bill, H.R. 3221.

The SPEAKER pro tempore (Mr. TORRES). Is there objection to the request of the gentleman from Missouri?

There was no objection.

□ 1710

LEGISLATIVE PROGRAM

(Mr. DREIER of California asked and was given permission to address the House for 1 minute.)

Mr. DREIER of California. Mr. Speaker, I asked unanimous consent to speak for 1 minute in order to ask the distinguished chairman of the Democratic Caucus concerning the schedule for the balance of the day and the schedule for the action-packed week between Independence Day and the Democratic Convention.

Mr. HOYER. Mr. Speaker, will the gentleman yield?

Mr. DREIER of California. I am happy to yield to my very good friend, the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. I thank the gentleman from California for yielding to me.

We have completed our legislative business for today, Mr. Speaker. The House will be in recess tomorrow and on Monday in observance of the birthday of our Nation, July 4.

We will come back into session on July 7, on which day we will consider six suspensions: H.R. 3562, regarding the Customs forfeiture fund, H.R. 5269, to add to the area in which the Capitol police have law enforcement authority, a bill of general interest to the country.

H.R. 3836, the Pacific Yew Act, an unnumbered House resolution regarding the New England groundfish restoration, H.R. 4310, the national marine sanctuaries reauthorization, H.R. 1435, Rocky Mountain Arsenal wildlife refuge. Votes on all of those suspension bills, if any, will be rolled until the end of the day on Wednesday, the following day. So we do not expect any votes on the floor on Tuesday.

On Wednesday, July 8, we will expect to meet very late with legislative votes possibly as early as 11 a.m. Members need to know possible votes will be as early as 11 a.m.

During Wednesday we will be considering H.R. 5100, the Trade Expansion Act of 1992, subject to a rule, an unnumbered bill, the District of Columbia appropriations for fiscal 1993, subject to a rule, and H.R. 3553, higher education reauthorization conference report.

On Thursday we also expect to meet very late in the evening, and we will be considering the Department of Transportation appropriations bill for fiscal 1993, subject to a rule, and any other possible legislation either held over from the prior day or that may come up prior to that time. We do not expect any votes nor do we expect to be in session on Friday. The House will then adjourn, and the Democratic Convention will be held the following week.

Mr. DREIER of California. I thank my friend.

Mr. Speaker, I would like to inquire: A number of people on this side of the aisle have asked is the order in which the gentleman outlined the three bills to be considered on Wednesday, July 8, accurate? Are we planning to proceed with first the trade bill, then the District of Columbia and then higher education, in that order?

Mr. HOYER. I will tell my friend, the distinguished gentleman from California, right now it is accurate. I say that only because, as the gentleman well knows, the vagaries of the legislative process are that there may be one bill that will proceed the other which is listed out of order here.

Mr. DREIER of California. Well, as my friend knows, we had an incredibly unique experience this week when three rules were considered in very, very different order, several different times and way beyond the schedule. That is why we are wondering whether it is planned at this point to begin with the trade bill first thing on Wednesday morning.

Mr. HOYER. The present plan is that that is what we will do.

But as the gentleman from the Committee on Rules knows so well, "the best laid plans."

Mr. LEACH. Mr. Speaker, will the gentleman yield?

Mr. DREIER of California. I yield to the gentleman from Iowa.

Mr. LEACH. I thank the gentleman for yielding.

Mr. Speaker, as the distinguished spokesperson for the majority party knows, 15 months ago the President of the United States requested that this Congress act on replenishment of International Monetary Fund. On April 1 of this year he made a plea to the Congress to act on a Freedom Act for the former Soviet Union and asked that it be passed by the Congress before Mr. Yeltsin visited the United States. As yet, the House of Representatives has not scheduled consideration of this massively important bill. And I raise it in two contexts: First, the longer we delay the less likelihood of a sympathetic hearing; but second, and of extraordinary significance, that because it relates to an international financial institution, that the Congress is delaying not only United States participation in this plan but the participation of all of our allies who are going to match our contribution by a 4-to-1 ratio.

In other words, this Congress is delaying not only an executive branch initiative in our country but an accepted executive branch initiative in all of the other major capitals of the Western world and Japan.

I just plead with the gentleman to give serious consideration for the timing of this particular initiative which the President, on behalf of the American public, has placed so much import upon.

Could the gentleman enlighten us on whether there is a scheduled consideration for the Freedom Support Act?

Mr. HOYER. I thank the gentleman for his comments and observations. And if the gentleman will yield——

Mr. DREIER of California. I am happy to.

Mr. HOYER. In responding to the gentleman, as the gentleman knows, the other body is considering this legislation. I do not know that they passed it today. But assuming they did, this body will, I think, move on that legislation to address it in the near term. I do not have a date for the gentleman.

Mr. LEACH. If the gentleman could yield for one clarification: Is this a

commitment that it will be considered before the August recess? That seems very reasonable to this gentleman. I think we are late now, but if it is put into September, it is a totally different kind of aura for consideration.

So I would urge the gentleman, within his leadership, to, if at all conceivable, do this as early in July as possible. Is that possible?

Mr. HOYER. I appreciate the gentleman's comments. As the gentleman well knows, I would have to consult, clearly, with the committees of jurisdiction before I can accurately answer that question. I do not want to do that. But I will tell the gentleman that I will bring his concern, which is shared by the majority leader——

Mr. LEACH. I know, many on both sides of the aisle, I appreciate that.

Mr. Speaker, I thank the gentleman for yielding.

Mr. DREIER of California. I thank my friend or his question.

I would like to inquire of the distinguished caucus chairman if the votes on the suspensions are going to be held following the consideration of the three bills set for Wednesday, July 8, and he said we are going to be going late into the night if we finish, as we have this week, at midnight, will we then be at midnight voting on the suspensions that were considered the day before?

Mr. HOYER. That might occur, but we will certainly consult with your side of the aisle, trying to accommodate Members. And if we got that late, we may well do it the first thing the following morning. But it is our present plan to do it late and, hopefully, it won't be—when we say late—not that late.

Mr. DREIER of California. I thank my friend, and I wish him a happy, a very happy Independence Day.

DISPENSING WITH CALL OF PRIVATE CALENDAR ON TUESDAY, JULY 7, 1992

Mr. HOYER. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar be dispensed with on Tuesday, July 7, 1992.

The SPEAKER pro tempore (Mr. TORRES). Is there objection to the request of the gentleman from Maryland?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. HOYER. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

AUTHORIZING THE ARCHITECT OF THE CAPITOL TO ACQUIRE CERTAIN PROPERTY

Mr. KILDEE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2938) to authorize the Architect of the Capitol to acquire certain property, and ask 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. THOMAS of California. Mr. Speaker, reserving the right to object, I do so in order to ask my colleague and friend, the gentleman from Michigan [Mr. KILDEE] to explain the legislation.

Mr. KILDEE. Mr. Speaker, will the gentleman yield?

Mr. THOMAS of California. I yield to the gentleman from Michigan.

Mr. KILDEE. I thank the gentleman for yielding and for his question.

Mr. Speaker, this bill assists the Senate in its continuing efforts to provide Senate pages with a safe and suitable place in which to reside while in Washington. It allows the Architect of the Capitol to procure and improve page residence facilities.

There will be two adjacent townhouses which can be brought up to code. They are suitable. I think as a matter of comity with the Senate, and for the safety of the pages, that we should process without delay.

Mr. Speaker, I am chairman of the Page Board for the House. We have accommodated the Senate pages to the degree possible in our facilities, but we really are depriving our own pages of space for recreation and for study.

I think we should proceed with this. I thank the gentleman from California [Mr. THOMAS] for his very necessary question.

Mr. THOMAS of California. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2938

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY OF THE ARCHITECT.

(a) ACQUISITION OF PROPERTY.—The Architect of the Capitol, under the direction of the Senate Committee on Rules and Administration, may acquire, on behalf of the United States Government, by purchase, condemnation, transfer or otherwise, as an addition to the United States Capitol Grounds, all publicly and privately owned real property in lots 34 and 35 in square 758 in the District of Columbia as those lots appear on the records in the Office of the Surveyor of the District of Columbia as of the date of the enactment of this Act, extending to the outer face of the curbs of the square in which such lots are located and including all alleys or parts of alleys and streets within the lot lines and curb lines surrounding such real property, together with all improvements thereon.

(b) UNITED STATES CAPITOL GROUNDS AND BUILDINGS.—Immediately upon the acquisition by the Architect of the Capitol, on behalf of the United States, of the real property, and the improvements thereon, as provided under subsection (a), the real property acquired shall be a part of the United States Capitol Grounds, and the improvements on such real property and improvements shall be subject to the Act of July 31, 1946 (40 U.S.C. 193a et seq.), and the Act of June 8, 1942 (40 U.S.C. 174c).

(c) BUILDING CODES.—The real property and improvements acquired in accordance with subsection (a) shall be repaired and altered, to the maximum extent feasible as determined by the Architect of the Capitol, in accordance with a nationally recognized model building code, and other applicable nationally recognized codes (including electrical codes, fire and life safety codes, and plumbing codes, as determined by the Architect of the Capitol), using the most current edition of the nationally recognized codes referred to in this subsection.

(d) REPAIRS; EXPENDITURES.—The Architect of the Capitol is authorized, without regard to the provisions of section 3709 of the Revised Statutes of the United States, to enter into contracts and to make expenditures for necessary repairs to, and refurbishment of, the real property and the improvements on such real property acquired in accordance with subsection (a), including expenditures for personal and other services as may be necessary to carry out the purposes of this Act. In no event shall the aggregate value of contracts and expenditures under this subsection exceed an amount equal to that authorized to be appropriated pursuant to subsection (e).

(e) AUTHORIZATION.—There is authorized to be appropriated to the account under the heading "Architect of the Capitol" and the subheadings "Capitol Buildings and Grounds" and "Senate Office Buildings", $2,000,000 for carrying out the purposes of this Act. Moneys appropriated pursuant to this authorization may remain available until expended.

(f) USE OF PROPERTY.—The real property, and improvements thereon, acquired in accordance with subsection (a) shall be available to the Sergeant at Arms and Doorkeeper of the Senate for use as a residential facility for United States Senate Pages, and for such other purposes as the Senate Committee on Rules and Administration may provide.

(g) CAPITOL POLICE JURISDICTION.—In carrying out its supervision and jurisdiction over the real property and improvements acquired in accordance with subsection (a) by reason of their acquisition as a part of the United States Capitol Grounds and Buildings, the United States Capitol Police shall have the additional authority to make arrests for the violation of any law of the United States or the District of Columbia, or any regulation issued pursuant thereto, within any area or street in the District of Columbia outside the United States Capitol Grounds necessary to carry out such supervision or jurisdiction over such acquired real property and improvements, and to travel between parts of the United States Capitol Grounds which are not contiguous. The au-

thority provided the Capitol Police by this subsection to make arrests within any such area or street shall be concurrent with that of the Metropolitan Police of the District of Columbia.

AMENDMENT OFFERED BY MR. KILDEE

Mr. KILDEE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KILDEE: Beginning on page 4, strike line 15 and all that follows through page 5, line 6.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Michigan [Mr. KILDEE].

The amendment 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.

□ 1720

GENERAL LEAVE

Mr. KILDEE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on S. 2938, the Senate bill just passed.

The SPEAKER pro tempore (Mr. TORRES). Is there objection to the request of the gentleman from Michigan [Mr. KILDEE]?

There was no objection.

TAILHOOK

(Mr. CUNNINGHAM asked and was given permission to address the House for 1 minute.)

Mr. CUNNINGHAM. Mr. Speaker, for my comments I would like to make comment on the gentlewoman from California [Mrs. BOXER], the gentleman from California [Mr. LEVINE] concerning the Tailhook, and the gentleman from Pennsylvania [Mr. MURTHA]. This afternoon the gentlewoman from Ohio [Ms. OAKAR] made comments on Tailhook and lumped all the top four, quote, heavies into one category along with the Tailhook, and I spoke to the gentlewoman, and she changed her testimony because what we are trying to do, and many people are trying to do, is tar and feather across the board our military men and women that represent this country honorably.

Was Paula Kaufman molested? Was she assaulted? Yes, in my opinion, she was assaulted not only a little bit, but criminally, and that should be taken care of.

I would ask that the Members that continue to make political heyday out of the Tailhook Association refrain from lumping everybody into one package, and, as far as the statements, I laud the gentleman from Pennsylvania [Mr. MURTHA] on the Committee on Appropriations for making actions toward the Tailhook, but to fire 10,000 people out of the Navy that had nothing to do with Tailhook and to commend him for that is ludicrous. I condemn it, it is wrong, and those people are suffering needlessly.

TAILHOOK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska [Mr. BEREUTER] is recognized for 5 minutes.

Mr. BEREUTER. Mr. Speaker, as I begin my remarks on a special order, I want to recognize what the distinguished gentleman from California [Mr. CUNNINGHAM] just said about not branding all members of an organization, the Navy, the Tailhook or any other organizations with a broad brush, and I have avoided doing that, but I have to say that my constituents and this Member are outraged by the sexual assaults and misconduct directed at 26 women by Navy aviators at the annual Tailhook convention in Las Vegas. The convention of the Tailhook organization of current and past Navy and Marine aviators, are now noted, according to the Washington Post, June 27, 1992, as "an annual event known for its raucous and sometimes lewd atmosphere." The New York Times of the same date noted that the Tailhook convention was "renowned for rowdy parties that featured strippers, pornographic movies and heavy drinking." They continued by indicating that "the party on the third-floor of the Las Vegas Hilton was well known to conventioneers * * * as was the existence of gangs of drunken aviators that groped, fondled and assaulted women as they stepped off an elevator." Of at least 26 women assaulted, according to a Washington Post article of June 24, 1992, more than half were themselves Navy officers.

Mr. Speaker, this situation is intolerable, as is the apparent coverup in the Navy. In light of the detailed reports of sexual harassment of women students at the U.S. Naval Academy widely reported last year, these activities seem to point to a very serious problem in the Navy. From information being released daily now it is unfortunately all too clear that those are not isolated occurrences. Too many people have turned their heads instead of facing and correcting these attacks on women.

Mr. Speaker, the two armed service committees of this Congress must be more aggressive in oversight and action to stop this sexual abuse of women members, and civilians, by officers or enlisted men in our armed services. The Navy should end any association with, and discourage attendance by its personnel at Tailhook conventions unless it cleans up its act and corrects this abusive, offensive and criminal conduct by some attendees. The armed services committees should also seek the identity of active duty or reserve naval aviators at the past and recent Tailhook conventions and take such decisive and appropriate disciplinary actions as are possible.

Mr. Speaker, I would conclude by agreeing with the gentleman from California [Mr. CUNNINGHAM] that that kind of discipline or impact should not be made on all members of a very distinguished service, the enlisted men and officers of the U.S. Navy. Be very careful in targeting top people who are responsible for the abuse or who tolerated it, but let us not take it out on the Navy per se.

MILAN PANIC, PRIME MINISTER OF YUGOSLAVIA

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Maryland [Mrs. BENTLEY] is recognized for 5 minutes.

Mrs. BENTLEY. Mr. Speaker, a successful Serbian-American businessman, Mr. Milan Panic, held a press conference this morning to announce his acceptance to head the first non-Communist Federal Government of Yugoslavia since 1941.

According to the statement he read this morning, his primary goals as Prime Minister of Yugoslavia will be, and I quote:

First, to stop the fighting and to work for real and lasting peace. Second, to establish an environment in which a free, multi-ethnic and multi-religious society can flourish. Democratic principles, the right to free speech and a free press, drew me to America. The pursuit of these principles draws me back to Belgrade.

Mr. Speaker, I commend Mr. Milan Panic for his committment to democratic principles, and sincerely hope that bipartisan support from this legislative body to the democratic reforms he plans to undertake in Yugoslavia, will result in a genuine renewal of stability in the entire Balkans. He applied for and received the necessary license to go to Yugoslavia from the U.S. Treasury Department.

Mr. Panic already has pledged to adhere to sound and rational policies when he assumes his new role in Yugoslavia today. I continue quoting from his statement to the press:

With the Federal government's authority over the Yugoslav regular army, I will continue to ensure that no regular army troops are in neighboring republics. The government will strongly oppose any activity by any irregulars.

Mr. Panic's potential role in stopping the colossal civil war that has been raging in Yugoslavia for over a year now is one that should be acknowledged internationally, especially at this critical time when there is a possibility that the conflict may ensnare the entire Balkans.

I hope that Mr. Panic will persevere in his efforts to bring about peace in the Balkans. It is my fervent prayer that his presence as Prime Minister of

Yugoslavia and Dobrica Cosic as President of Yugoslavia will expedite the removal of the last remnants of Communist rule there for all time.

Mr. Speaker, because so much of the atrocity news we have been receiving from the tragic area that once was Yugoslavia, has been aimed at the Serbs. I would like to bring to the attention of my colleagues 2 messages that have been received by my office today.

THE ORTHODOX METROPOLITAN OF THE ZAGREB-LJUBLJANA DIOCESE IN LJUBLJANA

TO INTERNATIONAL MASS MEDIA: In view of the extremely difficult situation in the part of the Zagreb-Ljubljana diocese outside the Republic of Slovenia, the Office of the Serbian Orthodox Church for Slovenia and the Zagreb-Ljubljana Metropolitan, Jovan, are compelled to address in this way the broader political and religious public opinion and draw attention to certain facts which are in violation of elementary moral and civilizational standards:

In spite of the intercession by Amnesty International, the priest of the local Orthodox Church of Koprivnica (Croatia), monk Nikolaj Marunic, has been kept in prison in Bjelovar for more than a month without any evidence of guilt;

Forcible catechization of children of the Serbian Orthodox faith according to the rules of the Roman Catholic Church, and their preparation for the Holy Communion and confirmation, continue; Orthodox priests who refuse to issue certificates of baptism for these purposes and children who on their own refuse to yield to pressures are harassed;

After the recent demolition of the diocesan seat in Zagreb, the blasting of churches in the provinces outside the UNPROFOR-protected areas and desecration of the Orthodox church in Zagreb continue;

Serbs in Zagreb do not receive any aid from international humanitarian organizations, so that some families are literally starving.

We hereby appeal to the international public to direct part of its attention, without any political, national or religious prejudices, to the Zagreb-Ljubljana diocese of the Serbian Orthodox Church.

Orthodox priests in Slovenia and the Metropolitan of the Zagreb-Ljubljana diocese.

JOVAN.

MEMO

According to news from Belgrade on July 1, Croatian forces conquered and demolished with bulldozers the Serb village of Tasovice today, which is in Hercegovina on the left bank of the river Neretva. Two neighboring Serbian villages were also demolished.

Belgrade also reports that the Serbian Orthodox Church in the city of Capljina also was demolished by the Croats on July 1. Capljina is a town in Western Hercegovina where Croats constitute the majority of the population and Serbs face every day discrimination.

In its news bulletin #64, dated July 1, 1992, the Serbian Press Agency "Srna" reports that the Croatian Army launched 30 mortars on the eastern Hercegovina city of Trebinje on June 29, 1992. Serbs make up the majority of the population in Trebinje and the mortars were fired exclusively at civilian objects.

The citizens of Trebinje are in their basements, and the city's officials reported one civilian heavily wounded. Croatian Army forces are launching the mortars from their positions at Beli Osojnik, which is above the Rijeka Dubrovacka and in the neigboring Republic of Croatia.

The bombardment of Trebinje by the Croatian Army on June 29 was the seventh in the past month. A total of over 300 shells have fallen on this city since the attacks started.

I hope that the United Nations will look into these as it has others.

□ 1730

OCTANE REPLACEMENT ACT OF 1992

The SPEAKER pro tempore (Mr. OWENS of New York). Under a previous order of the House, the gentleman from Indiana [Mr. JONTZ] is recognized for 5 minutes.

Mr. JONTZ. Mr. Speaker, America's farmers can do much more to help our Nation meet its energy needs. America's farmers have the capacity to produce corn and other agricultural products which can be used to make ethanol, which is a safe and clean and domestically produced product that could be used to a much greater extent than today.

Mr. Speaker, just a few weeks ago this House considered a very important energy bill which includes a number of worthwhile provisions to move our Nation toward energy independence. Regrettably, one of the provisions which was not included was the increased use of ethanol to help us meet our octane needs in this country.

Legislation which I have introduced with the coauthorship of the gentleman from Illinois, my colleague on the Committee on Agriculture, Mr. EWING, would help our country to move toward the greater use of this domestically produced product, ethanol, to meet the octane needs of our country.

This bill, the Octane Replacement Act of 1992, directs the Secretary of Energy, beginning in 1994, to establish a program to require the use of domestically produced, renewable, nonpetroleum octane enhancers in the United States gasoline supply.

We have the technology for using ethanol as an octane enhancer. A number of companies are now using ethanol as an octane enhancer. But we should be doing much more.

The program that our proposal would require is the establishment of at least a minimum of one-half octane number of the octane rating of all gasoline sold in the United States beginning in March 1994 from domestically produced, renewable, nonpetroleum sources.

This octane number requirement would then be increased incrementally every 4 years, until at least 2 octane numbers were derived from ethanol by March of the year 2006.

Why do we need this legislation? When lead was phased out of gasoline, a decision was made about what would be replacing lead to improve octane in our Nation's gasoline supply.

One choice was to use alcohol. The other choice was to use aromatic hydrocarbons, chemicals which the petroleum companies distill from crude oil.

Not surprisingly, the oil companies chose to add aromatic hydrocarbons to gasoline, chemicals like benzene, toluene, and xylene. These chemicals have high octane content, but they also cause toxic emissions into the environment. They are also made from imported petroleum.

Alcohol is an effective source of octane which is domestically produced from corn or other agricultural products that we grow here in the United States. Its use will reduce toxic emissions. Its use will create jobs here in the United States.

If our Nation continues to allow the oil companies by themselves to decide where we will obtain the octane needs of this country, it is without doubt that the oil companies will probably prefer to use the aromatic hydrocarbons, furthering our dependence on imported oil.

The Congress of the United States ought to recognize this and to take action to require the use of ethanol, because it promotes our Nation's energy security by using a domestically produced renewable source. In fact, under the provisions of the legislation introduced by myself and the gentleman from Illinois [Mr. EWING] we would be replacing 80 million barrels of imported oil by the year 1994, and 300 million barrels of imported oil by the year 2006.

This is a very significant contribution toward our Nation's energy independence.

Our legislation would result in a tenfold increase in ethanol use over this 12-year phase-in period. This would mean nearly triple the corn consumption for ethanol production beginning in 1994, to about 800 million bushels to 960 million bushels. By the end of the proposed phase-in period, in the range of 3.2 to 3.8 billion bushels of corn would be consumed in our country for ethanol production.

Other agricultural commodities, even municipal garbage, could be used to meet these ethanol requirements. But the point is these are domestically produced products. Why do we continue to import oil into the United States to meet octane needs when we could be meeting those needs here at home?

It is important to point out this can be done without damage to the Clean Air Act. Our legislation is written in such a way that we can avoid any air quality problems, in fact, can achieve a very desirable purpose in reducing toxics from the use of aromatic hydrocarbons where that is not necessary.

This legislation also would not incur costs to the consumer. In fact, the price of ethanol is now about $1.20 a

gallon. That compares favorably to the cost of benzene of about $1.25 a gallon. Oftentime the oil companies would have us believe that to replace gasoline with ethanol will cost the consumer. But in fact if one brings about the desired results by using ethanol as an octane enhancer, the consumer is not incurring any additional costs at all.

Mr. Speaker, we hope that this provision can be brought back to the House, because I believe the Congress recognizes the important role ethanol can play in meeting this Nation's energy needs. We lost a vote on an amendment to the energy bill by a very narrow margin because of concerns that some Members had about how this amendment might affect the Clean Air Act. Since that time, I have been able to work with the gentleman from California [Mr. WAXMAN], whose role in protecting the air quality of this country is well-known, and reach agreement with Mr. WAXMAN about some language which would satisfy his concerns about the Clean Air Act.

We can meet our Nation's clean air goals. We can use ethanol, which is a renewable product. This will create jobs in the United States, this will help the agriculture producers of our country with additional farm income. This will help the taxpayers of our country by reducing the need for farm program payments. All of these benefits can occur if we will pass legislation in this Congress to increase the use of ethanol.

□ 1740

There is very little that we can do this year that will move our Nation as far ahead toward energy independence, toward improving farm income, toward creating jobs in the United States for our workers, than bringing about an increased use of ethanol.

Mr. Speaker, my hope is that this issue will come before the Congress again and the Congress will take a stand for jobs, for farm income, for a clean environment, for domestically produced products, by passing the Octane Replacement Act.

THE BENEFITS OF THE REVENUE ACT OF 1992

The SPEAKER pro tempore. (Mr. OWENS of New York). Under a previous order of the House, the gentleman from Kentucky [Mr. MAZZOLI] is recognized for 5 minutes.

Mr. MAZZOLI. Mr. Speaker, earlier this evening the House took up and passed by a very resounding margin, 356 to 55, the bill H.R. 11, the urban aid package. I appreciate very much the gentleman from Illinois [Mr. ROSTENKOWSKI], the manager of the bill, yielding to me, in view of the fact so many Members wanted time and he had so little to yield, in my remarks I thanked him from the citizens of Louisville and the citizens of Jefferson County, the citizens I am very privileged to represent here in the House of Representatives. On their behalf I thanked the gentleman for having brought this bill to the floor, a bill designed to help the urban areas of our country.

Really, to know the full extent of the gentleman's work, we have to go back to last week, June 22, when we passed the bill which was basically the bill to aid Los Angeles and the city of Chicago. That bill contained $500 million for a summer jobs program for the young people of America. Just interestingly enough and timely enough, a few weeks before we reach that vote last week I had taken a tour of many urban areas within my city of Louisville in the company of Rev. Louis Coleman, Alderman Bill Wilson, and State Representative Porter Hatcher, among others, and I saw firsthand how deeply we need jobs in our inner cities. So the first thing the gentleman did last week was to bring us his program of summer jobs in the urban aid bill, which is constituted of several parts, including the creation of 50 enterprise zones in the United States enacted today.

I would like to say that in Louisville we have created under State law a very successful enterprise zone which, according to data supplied to me by the Office of Economic Development in Louisville, in Jefferson County, in the fiscal years 1983 through 1991, has created some 12,700 jobs, has secured the investment of capital to the extent of $1.3 billion, and in just the one fiscal year, 1991, created 2,600 jobs and secured the investment of $190 million.

Earlier the gentlewoman from Connecticut [Mrs. KENNELLY] said that she was for this bill because there was a chance now to find out if enterprise zones work, and I would tell my friend, the gentlewoman from Connecticut, that they do work in Kentucky and will work across the country.

There are 25 enterprise zones created for the cities, 25 for the rural areas. I would like to see the ratio change. It seems to me that the urban areas need them more, but that is for another time. Firms that either locate in a zone or expand within a zone are entitled to a 50 percent exclusion from capital gains for profits which they make from investments in the zone held for 5 years. All taxes on profits earned within that zone are deferred. There is a 15-percent wage credit for employers who employ zone residents in these businesses, and that is on the first $20,000 of wages up to $3,000 total.

There is a certain criteria set up, or there are criteria set up including unemployment rates and poverty rates, and I would say parenthetically that I believe my community would qualify, and I intend to work with our friends back home to have our area designated. There is also, Mr. Speaker, in the bill today a Weed and Seed Program costing some $25 billion over the next 5 years, which is to weed out from the enterprise zones those malefactors, those brigands, those troublemakers who have hurt the urban residents and maybe have deterred businesses from locating there. After weeding out that unsavory crew we seed those areas with job training, education, health and nutrition programs, community development, and certainly crime prevention to make sure that the businesses flourish.

Mr. Speaker, also in this bill, H.R. 11, are tax provisions making permanent certain tax provisions, including three very important to Louisville and Jefferson County: The low-income housing tax credit I am told by Jim Allen, director of Louisville's housing program, that one-quarter of the 1,200 residents of rental housing built in Louisville since 1986 have used the low-income housing tax credit.

The mortgage revenue bond program is made permanent. Also made permanent is the targeted jobs tax credit, which enable employers to hire economically disadvantaged young people. Extended for 18 months, Mr. Speaker, is the employer-provided educational assistance tax credit.

If there is ever a time when we need to have an educated work force, it is now. This enables the employer to exclude from taxable income some of the tuitions that are paid on behalf of their employees. Also extended is the research and development tax credit, and is there ever a more propitious time to have America get active in research and development to become and remain competitive.

We also extend in the bill, Mr. Speaker, for 6 months the health insurance deduction enjoyed by individually self-employed persons. Last, Mr. Speaker, provisions that are not given the same attention today in the debate, but in the bill is a provision to allow deductions for the fair market value of properties contributed to charities for the purpose of qualifying under the alternative minimum tax. There is also the reinstatement of the passive losses, which are involved in the real estate industry.

The luxury tax is repealed, and last but not least, Mr. Speaker, there is the reinstitution of a taxpayer bill of rights to enable the men and women of America to understand more easily the tax system, and if they feel they have been unfairly pressed upon by the Internal Revenue Service, they now have a mechanism to fight back.

I sum up, Mr. Speaker, by saying this is a very happy day for the citizens of Louisville and Jefferson County, my community, my hometown, because of the work done by many people on the bill, H.R. 11, which passed resoundingly this afternoon.

INTRODUCING THE URBAN ENTREPRENEUR OPPORTUNITIES ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Mr. FRANKS] is recognized for 5 minutes.

Mr. FRANKS of Connecticut. Mr. Speaker, it was with mixed emotion that I supported H.R. 11, the Revenue Act bill. There are many excellent proposals included in the bill. However, I had grave concerns with the enterprise zone legislation, despite my strong advocacy of the concept.

In my State and in 36 other States we have enterprise zones. I have a State-sponsored enterprise zone in my hometown of Waterbury, and so did riot-torn Los Angeles. Obviously, enterprise zones are not a panacea. Can they help? Yes. Can they be improved upon? Most definitely.

I have offered an amendment, the Urban Entrepreneur Opportunities Act, that I believe, along with nearly 60 cosponsors, would improve upon the fine concept of enterprise zones while recognizing the frailty of the bill. Tax incentives, capital gains tax relief, and other provisions of the bill are good, but if one cannot start the business in the urban enterprise zone, the benefits mean nothing. If you do not have the financial and administrative ability to start a business, you can never take advantage of the enterprise zone benefits.

My amendment would encourage Fortune 500 type companies to participate in the revitalization of our cities without having a facility in an enterprise zone area. The amendment would allow large companies to establish a wholly-owned subsidiary which would invest capital and offer administrative assistance to qualified aspiring entrepreneurs located in an urban enterprise zone or entrepreneurs willing to locate a business in an urban enterprise zone.

The program would start as a $250 million program administered by HUD. It would cost $85 million over a 5-year period. Large companies would benefit from this program in three ways. One, the money given to the subsidiary would be treated as a regular business expense for tax purposes.

□ 1750

Two, any interest received on the investments made in the small business may be used by the large company; and

Three, the large company may use the employees of the entrepreneurial business to be in compliance with Federal laws.

Yes, Mr. Speaker, we need training programs. Training programs can be useful. But there is little difference between a trained unemployed person and a person who has not been trained and is unemployed, and we know the common denominator. They are both unemployed.

I believe that no urban revitalization programs can be complete without including the development of more urban entrepreneurs. We should give large companies the proper incentives to participate in the rebuilding of our cities, and Mr. Speaker, I will continue the fight to develop more urban entrepreneurs.

FINANCIAL INSTITUTION RESTITUTION COLLECTION IMPROVEMENT ACT OF 1992

The SPEAKER pro tempore (Mr. OWENS of New York.) Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, this spring the Financial Institutions Subcommittee, which I chair, issued a staff study which showed that the Department of Justice and the Federal Deposit Insurance Corporation [FDIC] have failed to collect court-ordered restitution. In 19 cases studied, savings and loan criminals collectively paid less than 1 cent on the dollar of their court-ordered restitution. This is unacceptable.

Today I am introducing the Financial Institution Restitution Collection Improvement Act of 1992 to remove the impediments to the collection of restitution from financial institution crooks. It is not enough to merely put these criminals in jail. We must do everything we can to seek reparations from those culprits who have stolen funds from the American taxpayers.

My legislation will make restitution collection more effective and more efficient. It provides the Justice Department, the FDIC, and the Resolution Trust Corporation [RTC] with enhanced weapons for the collection of restitution, and eliminates the confusing lines of responsibility for its collection. Finally, it allows private bounty hunters to bring collection actions on behalf of the Government, if, after 6 months, the Government has failed to act to collect restitution.

The legislation requires that restitution be due in full immediately, and a restitution order will remain enforceable until it is fully paid. Current law gives judges the discretion to order that restitution be paid over an extended period of time. This prohibits the victims of the crimes from taking immediate action to collect restitution, such as garnishing the defendant's wages or placing liens on the defendant's assets.

Another problem with currently law is that restitution orders generally cannot be enforced for a period longer than 5 years after a defendant is released from prison. Criminals should not be able to hide their assets just long enough to avoid paying their court-ordered restitution. My legislation keeps the restitution order in effect until it is paid in full.

The subcommittee's staff study found that far too often crooks hide their assets by placing them in offshore bank accounts or transferring them to relatives and business associates. For example, one defendant reviewed in the staff study transferred his $175,000 residence to his ex-wife and at least $130,000 to his children's bank accounts, free from all encumbrances. Financial institution fraud victims must be able to void these transactions and collect that which is rightfully owed to them.

The Financial Institution Restitution Collection Improvement Act gives victims of financial institution crimes greater authority to attach or place liens on stolen property and to void certain transfers of property made by financial institutions crooks. The act also allows a court to appoint a temporary receiver to administer a defendant's assets to ensure that maximum possible restitution payments are made.

To assist victims in collecting restitution, my legislation requires the U.S. Probation and Pretrial Services Office to provide victims with any financial information contained in the presentence investigation reports prepared for the courts.

Currently, these reports are only provided to the U.S. Attorneys Office and the defendant; therefore, victims are severely handicapped in locating assets for purposes of collecting restitution. My legislation would also require the U.S. Parole Commission to notify a recipient of restitution, who has not yet been fully repaid, when a defendant is to be released from prison so that the victim could keep tabs on the defendant's assets and wages.

Furthermore, under my legislation, judges would no longer be able to take into account a defendant's ability to pay in determining how much restitution he owes. A defendant should not be able to escape having to pay back that which he stole merely because he lived the good life and devoured the fruits of his crime prior to being caught. The ability to repay is not taken into account in ordinary civil litigation; it should not be a mitigating factor for criminals to evade being ordered to make restitution to their victims.

Regrettably, the Government has not made collecting restitution a high priority. To combat this problem, my legislation will enable private citizens to bring actions on behalf of the Federal banking agencies to collect any restitution which has been outstanding for more than 6 months. If successful, the amount recovered will be turned over to the banking agencies and the bounty hunters will be entitled to receive between 5 percent and 30 percent of that which they collected as well as reasonable attorney's fees and costs.

Mr. Speaker, it's pay back time. It's time for the robbers to pay back their victims. At a time when Congress is appropriating billions of dollars to pay off depositors of failed financial institutions, it is truly astonishing that defendants who have assets and income remaining have been able to pay little or no restitution. The Financial Institution Restitution Collection Improvement Act of 1992 makes sure that the victims get paid back by enabling the Government to start collecting restitution and not just convictions. I urge my colleagues to join me in supporting this legislation.

THE NEED TO BETTER PROTECT THE TAXPAYER FROM THE RISKS ASSOCIATED WITH GOVERNMENT-SPONSORED ENTERPRISES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. PICKLE] is recognized for 5 minutes.

Mr. PICKLE. Mr. Speaker, I rise today to call the attention of the Members of the House

the action taken yesterday by the Senate which purports to better regulate two Government-sponsored enterprises, Fannie Mae and Freddie Mac.

Together these two GSE's have issued about $1 trillion in obligations and guarantees which have the implicit backing of the U.S. Government. In the aftermath of the savings and loan disaster, Mr. GRADISON and I, along with other Members of the House from both sides of the aisle, began work to improve the capitalization and regulation of these GSE's.

Since then, there have been extensive studies by the Treasury, the GAO, and the CBO. All these studies have shown that an independent regulator and higher capital standards would better protect the taxpayer from potential GSE losses.

Yet despite these reports, and despite the continuing losses we are all paying for in the case of banks and thrifts, both the House and the Senate have approved bills which essentially ratify the status quo for Fannie Mae and Freddie Mac. Both Fannie and Freddie expect to meet these "new" standards before they are even implemented by the Government. There will be no noticeable change in their operations.

It is, therefore, absolutely no surprise to read in papers that these two financial institutions are the leading advocates for the legislation which is now headed for conference. Once again, it seems that we have created financial institutions which we are unable to control. But, as the recent articles from the Wall Street Journal and New York Times, which I ask permission to insert, to make abundantly clear, the foxes are still guarding the hen house well. The sad truth is, that after 3 years of work, the Treasury and the taxpayer are still left ready for the plucking.

Mr. Speaker, some progress has been made, but contrary to press releases, the GSE's—Fannie Mae, Freddie Mac, et cetera—have not established proper capitalization, or allowed proper regulation to be effective.

We must continue this fight until it is done right. When it is done, then we can all issue a press release—and celebrate together. Meanwhile, GSE's: Don't mislead the public.

[From the Wall Street Journal, June 19, 1992]

PRIVILEGED POSITION: FANNIE MAE EXPECTED TO ESCAPE AN ATTEMPT AT TIGHTER REGULATION

(By Kenneth H. Bacon)

WASHINGTON.—When a Capitol Hill softball team needs bases, the Federal National Mortgage Association will quickly provide a set of bags stamped with its logo: "The USA's Housing Partner."

In Congress and on Wall Street, though, Fannie Mae is better known for playing hardball. With assets of $147 billion, Fannie Mae is the nation's fourth largest financial institution. It has muscled into this position by zealously protecting government-granted privileges that enable it to borrow at low interest rates and underprice its private competition in the huge secondary market for mortgages.

Recently, those privileges have come under threat. The Bush administration and many in Congress want to tighten controls on Fannie Mae and its little brother, the Federal Home Loan Mortgage Corp. (Freddie Mac). The reason: The billions in mortgage securities the two companies have issued represent a potential liability to the U.S. taxpayer of more than $800 billion, according to estimates by the Office of Management and Budget. But the profits from the two companies go to private investors.

"They have a sweet deal," says Rep. J.J. Pickle, a Texas Democrat. "The risk is 99% public and the profit is 100% private."

LOBBYING POWER

It's a sweet deal that the two institutions fight hard to protect. And so far, their impressive lobbying clout has been highly successful at fending off those who want to curb their freedom.

The Senate yesterday began consideration of a bill designed to increase the regulation of the two companies and to boost the capital they must hold to protect against failure. But the bill itself is testament to their political might. The minimum capital standards in the bill would require only modest increases in capital at either institution. And instead of creating a wholly independent regulatory authority, as recommended by various experts and watchdog agencies, the bill would leave oversight of the two institutions in the Department of Housing and Urban Development, whose regulatory efforts in the past have been lax.

"The bill perpetuates the wafer-thin captial requirements that" Fannie Mae and Freddie Mac now enjoy, says Thomas Stanton, a former Fannie Mae lawyer, whose book "A State of Risk" helped trigger efforts to tighten regulation of the companies.

A PUBLIC MISSION

Fannie Mae and Freddie Mac are two of six government-sponsored enterprises, or GSEs, that Congress chartered to funnel money from Wall Street into three Main Street causes—housing, agriculture and education. Fannie Mae and Freddie Mac pump money into housing markets in two ways. They either purchase mortgages and hold them in their portfolios, or they "securitize" mortgage-backed securities. These instruments, on which Fannie Mae and Freddie Mac guarantee payment of interest and principal, turn mortgages into securities that can be traded or held by pension funds, banks and other investors. The volume of mortage-backed securities has grown explosively, from about $100 billion outstanding a decade ago to $1 trillion today.

The special relationships the two institutions have with the Treasury and the Federal Reserve lead most investors to assume that the U.S. government would help them out of any problems, and Congress did bail out the Farm Credit System in 1987. This implied guarantee lowers borrowing costs an estimated third of a percentage point below what the most credit-worthy private corporations pay. (Some of that savings is passed on to the public through lower rates, while some helps ensure investors a profit.)

Fannie Mae and Freddie Mac—which are publicly held—also don't have to pay state and local income taxes, and they don't have to register their securities with the Securities and Exchange Commission. The Treasury estimates these exemptions are worth $2 billion to $4 billion annually—benefits also shared by shareholders and by home buyers.

The benefits have helped the institutions to turn tidy profits. In 1991, Fannie Mae earned $1.36 billion and Freddie Mac $555 million. They have returns on equity two or three times the average for financial firms. Shares of the larger institution, Fannie Mae, have risen form as low as $2.37½ a decade ago to $57.62½ now, adjusted for stock splits.

Their financial strength has enabled Fannie Mae and Freddie Mac to provide a steady stream of mortgage finance during a decade when thousands of banks and thrifts failed. Volatile interest rates and costly new regulations have made banks and thrifts less willing to hold mortgages and more eager to sell them. As a result, the residential mortgage markets are becoming increasingly federalized, with mortgage terms set by Fannie Mae and Freddie Mac. The companies have recycled about one-third of the nearly $3 trillion residential mortgages outstanding, a proportion expected to grow.

Thus, private-sector competitors question the continuation of their privileges, especially amid the S&L bailout. "I'm surprised that these quasi-public firms have been able to maintain their access to government guarantees for free when there have been hundreds of billions of dollars spent right around them," says Bruce Paradis, an executive of Residential Funding Corp., a mortgage finance unit of General Motors Corp.

Fannie Mae and Freddie Mac both had troubles in the 1980s. Fannie Mae showed heavy losses early in the decade amid surging interest rates, and Freddie Mac bungled a big multifamily housing program. But no bailout was needed, and since then, both have boosted the capital they hold to offset potential losses, tightened underwriting standards and taken other safety steps.

Past moves to abolish the GSE's federal charters or charge them a fee for the implicit federal guarantees (similar to banks' premiums for deposit insurance) have failed. The legislation under consideration now would require Fannie Mae and Freddie Mac to file more reports, increase their capital cushions slightly and finance more inner-city lending. But with some help from their many friends in Congress, the companies have shaped the bill so it will have little initial impact.

Freddie Mac Chairman Leland Brendsel says the bill "establishes the toughest, most dynamic capital standards faced by any financial institutions." But he agrees it is "unlikely [to] cause Freddie Mac or Fannie Mae to have significantly higher capital requirements."

CAPITAL RULES

It would require them to hold capital equal to 2.5% of their assets and 0.45% of their guarantees to purchase mortgages and make payments on securities. That compares with a 5%-of-assets minimum for well-capitalized banks. G.E. Capital Corp., which operates without government benefits, maintains 11.5% capital to keep its AAA rating secure, according to public documents.

Fannie Mae Chairman James Johnson says the legislation, which has passed the House, will "remove any cloud that remains about our governmental mandate . . . and allow Fannie Mae to get on with housing Americans and making more money for its shareholders."

One reason Fannie Mae has been so successful in protecting its privileges is that it has done just what Congress created it to do in 1938: aid housing by helping lenders supply credit at the lowest rate. The institutions also say they funnel money to the lower end of the housing market. However, a 1990 Federal Reserve study of mortgage lending found that just 2.5% for the housing loans Fannie Mae bought that year were in predominately minority neighborhoods; for Freddie Mac, the figure was 3.6%

Another factor is Fannie Mae's unusual dual public-private nature as a government insider that can, for example, dispense political-action committee money. "Their intelligence is so good," says Rep. Gerald Klecz-

ka, a Wisconsin Democrat who sits on the House Banking Committee, "that one time I was drafting an amendment, and Fannie Mae had a rebuttal in the hands of the Republicans before I spoke."

LAY OFF

SEC Chairman Richard Breeden saw how quickly Congress moves to protect its favored offspring when he endorsed a Treasury proposal to end GSEs' exemption from SEC registration. House Banking Committee Chairman Henry Gonzalez belittled the proposal as an SEC power grab. The Texas Democrat said he was only trying to protect the public interest."I'm not lobbying for powerful and rich entities like the GSEs," Mr. Gonzalez said. "They can take care of themselves."

The SEC chairman shot back: "It seems that they have, yes."

Fannie Mae has its own political action committee, called Fannie PAC, which made campaign contributions of $16,300 in the 1992 first quarter. The company also uses hired guns. In 1990, it hired former Fed Chairman Paul Volcker to help defeat a Treasury proposal for new capital standards. Then last year, it faced a House Banking Committee effort to limit executive salaries, a reaction to the $29 million retirement package Fannie granted to its former chairman, David Maxwell; it brought in Stuart Eizenstat, former President Carter's domestic policy adviser, to help work on Democrats.

"I don't think I've ever been lobbied by such a broad cross-section of influential Democrats—strategists, businessmen, everybody from the Washington hierarchy," says Rep. Joseph Kennedy, the Massachusetts Democrat who unsuccessfully pushed the pay amendment. As a result, Fannie and Freddie will continue to be able to tout their public purpose even as their chairmen earn over $1 million.

When Fannie Mae needs help with Republicans, it use the Duberstein Group, a lobbying firm headed by President Bush's former chief lobbyist. And to deal with politicians in general, it calls on powerful trade groups, most notably the Mortgage Bankers, Association, the National Association of Home Builders and the National Association of Realtors. "They have amassed an army of people to descend upon us any time they think their welfare is in jeopardy," say Rep. Kleczka of Wisconsin. Leaders of the three trade groups and Fannie and Freddie are called the "Gang of Five" in the Senate, where they have lobbied as a team.

Real-estate interests rely on the steady flow of mortgage funds Fannie Mae and Freddie Mac provide and go out of their way to protect them. Edward Kane, a professor of finance at Boston College, told a friend in a letter last year that a research project on the implications of the S&L crisis—financed by the National Association of Home Builders—was "aborted in midstream because of my unwillingness to adjust my views on Fannie Mae." He declined to be interviewed, but David Seiders, chief economist for the National Association of Home Builders, says some of the trade group's leaders were upset when they learned that Mr. Kane planned to write that Fannie Mae and Freddie Mac's subsidized dominance of the mortgage market weakened the S&L industry.

In the last year or so, Fannie Mae has hired the top housing staffer from the House Banking Committee and a former top aide to the secretary of the Housing and Urban Development Department, which regulates it. Herb Moses, a Fannie Mae expert on rural housing programs, is the companion of Rep Barney Frank, the Massachusetts Democrat (who declines to vote on matters affecting the compensation of Fannie Mae officials). Both men say they go out of their way to avoid any conflicts of interest.

But the influence starts at the top. Fannie Mae Chairman Johnson has strong Democratic connections from his days as Walter Mondale's presidential campaign director. He also has close ties to Richard Darman, President Bush's budget director, with whom he worked in 1987-88 at Shearson Lehman Brothers.

In 1990, Mr. Darman used his budget message to warn of the "risk of substantial future claims against the government" from the obligations of GSEs, particularly Fannie Mae and Freddie Mac. Since then his worries have subsided. "The trend in his views has been consistent with the trend in Fannie Mae performance," Mr. Johnson explains, noting that after a series of losses in the early 1980s, Fannie Mae got financially stronger.

Now, it isn't losses but the rapid growth of the GSEs that generates concern. Herbert Sandler, chairman of World Savings & Loan Association in Oakland Calif., argues that "by exploiting their highly privileged position, Fannie Mae and Freddie Mac have rendered the business of funding home mortgages with consumer deposits and other borrowings uneconomic for many insured institutions." highly privileged position, Fannie Mae and Freddie Mac have rendered the business of funding home mortgages with consumer deposits and other borrowings uneconomic for many insured institutions."

TIFF WITH SALOMON

Bank and thrift executives still shudder at how Fannie cut Salomon Brothers out of underwriting and other business in 1987 for opposing Fannie's bid to move into a new line of business in competition with Wall Street. The fight involved a mortgage backed security called Remics (Real Estate Mortgage Investment Conduits). Salomon helped create Remics and unsuccessfully fought Fannie's bid to get into the market. Now Fannie and Freddie dominate the Remic market, leaving investment banking firms with less than 10% of the business. When Fannie reduced its business with Salomon, an official said it wasn't doing this to penalize Salomon for its opposition but because "they do not give us any indication that they value our business very highly."

A group of thrifts has tried, and so far failed, to place in the emerging legislation tougher limits on expansion into new financing fields by Fannie Mae and Freddie Mac. The institutions help deflect such efforts by cultivating their image for financing part of the American dream. Says Mr. Johnson: "If you look at the other major domestic initiatives in the post World War II period, whether it be in health care, transportation, education or other areas of domestic policy, housing really is a dramatic success story."

Every year Fannie sends every member of Congress a report showing the amount of mortgages it purchases in each state and congressional district. In May Fannie Mae invited congressional housing experts to a Capitol Hill reception to honor innovative projects by six low-income housing groups. Four of the winners of its annual excellence awards came from states represented by members of the Senate Banking Committee. "It's their type of payoff to members," says Rep. Kleczka. "The next time legislation comes up, they'll remember Fannie."

[From the New York Times]

VOTE NEAR ON REGULATION OF FANNIE AND FREDDIE

(By Keith Bradsher)

WASHINGTON, June 29.—The Senate is finally nearing a vote, expected as early as Wednesday, on a measure that for the first time would subject to independent regulation two Government-sponsored institutions that have guaranteed nearly $1 trillion worth of home mortgages.

The road to the vote has been tortuous, and not just because of the political influence of the two institutions: the Federal National Mortgage Association, also known as Fannie Mae, and the Federal Home Loan Mortgage Corporation, better known as Freddie Mac. As often happens in the Senate, the bill has become a vehicle for largely unrelated issues.

A deal early last week has helped the bill go forward, but with two new provisions that would shield municipalities and financial institutions from environmental cleanup lawsuits. Another deal late last week makes it likely that Senate Republicans will withdraw an amendment that would require a balanced budget.

CRITICS AREN'T SATISFIED

As for the bill's main point, it satisfies Fannie Mae and Freddie Mac but does not go nearly far enough to appease their critics, who contend that the two investor-owned companies enjoy an implicit Federal guarantee on loans that could someday cost taxpayers billions of dollars if defaults soared on mortgages.

The bill would give the Department of Housing and Urban Development authority to regulate Fannie Mae and Freddie Mac. The measure would also set minimum capital standards in an effort to prevent a financial setback at either institution from costing taxpayers billions of dollars.

Drafted in response to fears of a future burden on taxpayers, the bill has been so watered down that Fannie Mae and Freddie Mac are in the slightly odd position of lobbying for a bill to impose regulations on them.

James A. Johnson, the chairman and chief executive of Fannie Mae, said he supported the legislation because it would insure that the two enterprises retained adequate capital to cover losses and would concentrate regulation at an agency, H.U.D., that already deals with Fannie Mae and Freddie Mac. Mr. Johnson said that because Fannie Mae's losses as a percentage of its assets are a tiny fraction of the losses at commercial banks, the bill appropriately set capital standards below those for banks.

"A HOBBLED REGULATOR"

Critics contend that H.U.D. is too close to either institution to be truly independent and that Fannie Mae and Freddie Mac need to retain more capital to cope with unforeseen threats, like a change in the tax-deductibility of mortgage interest. "In the end, what we've got in there is mediocre capital standards and a hobbled regulator," said Thomas H. Stanton, a former Fannie Mae lawyer who has written a book, "A State of Risk" (Harper Business, $24.95) about his former employer.

The bill began moving faster through the Senate last week after the addition of two environmental provisions.

Senator Jake Garn, the Utah Republican who is the Banking Committee's ranking minority member, had sought for several years to enact a law that would exempt lenders from having to pay environmental cleanup bills for property they acquire through fore-

closures, if the environmental problems became apparent after the original loan was made. This spring he sought to attach the amendment to the Freddie Mac and Fannie Mae legislation.

But Senator Garn's move prompted a complaint from Senator Frank R. Lautenberg, Democrat of New Jersey, that the bill should also include his proposal to bar many lawsuits by polluters against municipalities. Senator Lautenberg had the ability to seek the bill's referral to the Environment and Public Works Committee's Subcommittee on Superfund, Ocean and Water Protection, although he did not do so.

BOTH PROVISIONS INCLUDED

In a classic illustration of how jurisdictional feuds among Congressional committees can shape legislation, both Senators ended up with their proposals in the bill. Senator Donald W. Reigle Jr., the Michigan Democrat who heads the Banking Committee, stepped in and mediated a settlement of the dispute last week, Senate aides said. The provisions were included in an extensive amendment that amounted to a virtual substitute bill, and the full Senate approved the "amendment" on June 23 by a vote of 52 to 44.

Environmental groups initially opposed both measures as reducing the number of groups that might be tapped to pay for cleanups. But their opposition to the municipal liability clause has faded. Douglas W. Wolf, a lawyer for the Natural Resources Defense Council, an environmental group based in New York, said: "The municipalities have a real problem. They've been unfairly victimized by large polluters."

Many companies that have dumped toxic wastes at dump sites municipalities also used for ordinary sewage sludge have tried to force towns to pay part of the toxic-waste cleanup costs.

The same groups still favor the retroactive regulation of banks that foreclose on property with environmental problems. Referring to the Gain amendment, Mr. Wolf said, "It limits the ability of the banks so far that they won't think about the environment any more."

INTRODUCTION OF LEGISLATION MODELED ON CANADA'S SUCCESSFUL PATENTED MEDICINE PRICES REVIEW BOARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. STARK] is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, I am today introducing legislation closely modeled on a Canadian law which has been successful in moderating prescription drug prices for Canadian consumers. The bill uses the Canadian title, "Patented Medicine Prices Review Board Act."

I hope that the introduction of this bill can lead to hearings and a debate in the United States on why U.S. pharmaceutical companies often sell their products at a lower price in Canada that they do south of the border, how Canada has been able to keep drug price inflation under the rate of general inflation, and what the drawbacks and consequences of such a plan might be.

The bill establishes a board similar to Canada's that would review drug prices. Through jawboning and publicity it may help restrain excessive price increases and profiteering. If a company failed to cooperate, the board could shorten the term of a patent which had been given to the company for a product which was being priced at an excessive level. Federal agencies which buy or are in the business of reimbursing for drugs would be advised of alternatives to excessively priced drugs. Firms which showed price moderation and gave a commitment to keep a product reasonably priced could be rewarded with limited patent life extensions. Excessive pricing would be determined by a variety of measurements, including profitability, executive compensation, the price of comparable classes of drugs, et cetera.

The U.S. pharmaceutical industry has about triple the profitability rate of U.S. companies in general, it inflates its products at about triple the general inflation rate, it sells many of its products overseas in developed countries like Canada at lower prices than it sells them to sick Americans. Many of its chief executives are the most highly paid businessmen in the world. They claim they need all this profit to reinvest in R&D, but the fact is they spend more on advertising and sales than they spend on R&D. In recent years, more new salesmen have been hired than researchers. Hundreds of millions are poured into elaborate lobbying schemes to persuade doctors to use a particular pill—millions more are spent on ad campaigns to defeat bills like this one.

The products of this industry are needed by millions of Americans to avoid serious illness and death. These are not luxury products like candy and flowers that people can stop buying. The public is held hostage to the profiteering of this industry. Other nations similar to America do not stand for this abuse of the public interest. Thus, my proposal—a modest proposal asking why we can't do as well as our Canadian cousins?

Following are some quotes and news reports that make the case for a better system in America. I hope this information can help make the American public angry enough to demand better of this industry and of the Government which has let these high technology robber barons prey upon the sick.

PROFITABILITY OF U.S. PHARMACEUTICAL INDUSTRY: NO SENSE OF MODERATION

Consumer Reports states:

"The top 10 U.S. drug companies averaged 16 percent profit on sales in 1990, more than triple that of the average Fortune 500 company."

Similarly, Senator Pryor, chairman of the Senate Aging Committee, recently released data on the industry which showed:

"At a time when Americans are scrimping and saving to afford their medications, the drug industry's annual average 15.5 percent profit margin more than triples the 4.6 percent profit margin of the average Fortune 500 company."

Fortune magazine reports:

"No American industry has ever defied the laws of economic gravity like pharmaceuticals. For the past 30 years the drugmakers of the Fortune 500 have enjoyed the fattest profits in big business."

From Consumer Reports, March 1992:

"Between 1980 and 1990, while general inflation was 58 percent, overall health-care costs rose 117 percent—and the cost of drugs rose 152 percent.

"High drug prices are especially a burden for elderly people, who make up 12 percent of the population but consume 34 percent of prescription drugs. Surveys by the American Association of Retired Persons have found that the single largest out-of-pocket medical expense for three out of four Americans over 65, and that four out of ten have no prescription drug insurance coverage whatever. One in seven say they have failed to take prescribed medicine because it was too expensive."

PHARMACEUTICAL INDUSTRY PRICING SOCKS IT TO AMERICANS, GIVES AWAY BARGAINS TO FOREIGNERS

From the Washington Post, May 1991:

"For the Seattle resident in need of the drug Ativan, a full vial of 1 mg tablets costs about $48. Just a three hour drive to the north, residents in Vancouver, Canada, can buy the same vial of tranquilizers for or about $7.

"On the average, drugs in the United States cost 62 percent more than they do in Canada. They also cost 54 percent more than in any country in the European Community."

From the New York Times as reported in the San Francisco Chronicle:

"A month's supply of Eldepryl, a Parkinson's disease medication from Somerset Labs, Inc., costs about $28 in Italy, $48 in Austria and $240 in the United States.

"Aerosolized pentamidine, inhaled by people with AIDS to prevent a deadly form of pneumonia, costs about $100 wholesale and about $150 retail in the United States, where it is made by Fujisawa Pharmaceutical Co., of Deer Park, Ill.

"In France, Germany and Britain, Rhone-Poulenc SA's retail price for the identical vial is $26.

" 'Obviously, we subsidize the world,' said Richard Zeckhauser, an economist at Harvard University.

"A federal study has found that state Medicaid agencies paid $474 million more for prescription drugs in 1989 than they would have if they had been bought at the prices negotiated in Canada."

ARE SPECIAL PROFITS NEEDED FOR R&D, OR IS THAT JUST A PR ARGUMENT?

From the Cox News Service:

"Dr. Schondelmeyer of Purdue says his research shows that for every dollar a drug company charges the wholesaler, nearly 21 cents recoups the cost of marketing, and 15 cents is profit. (The rest goes for producing the drug, 36 cents; distribution and administration and corporate taxes, roughly 16 cents, and research and development—stressed by the companies as a high-ticket item—only 12 cents.)

From Fortune:

"While drugmakers funnel hundreds of millions into R & D . . . they spend up to twice as much on sales and marketing. American Home Products, a superb marketer with one of the poorest records of innovation, earned a 46% return on equity last year, ranking it 16th on the Fortune 500, one notch behind Merck (with 46.5%)."

From Consumer Reports:

"The industry carefully avoids adding up its annual promotional tab, but independent sources place it conservatively around $5-billion. It must be money well spent; the pharmaceutical industry has long been the nation's most profitable."

From Chemicalweek, Aug. 7, 1991:

"There has been a ratching upward of spending on sales and marketing—"in the double digits for the past five years," says [Decision resources consultant David Godolphin]."

PHARMACEUTICAL INDUSTRY DEFIES LAWS OF ECONOMICS—THUS JUSTIFYING A PRICES REVIEW BOARD SIMILAR TO CANADA'S.

From the Cox News Service, April 1991:

"In most fields, as competition increases, prices go down. Computers, camcorders and VCRs cost hundreds of dollars less than they did when first introduced.

"But in pharmaceuticals, figures from the American Association of Retired Persons' Public Policy Institute indicate that doesn't happen.

"Look at what happened to anti-ulcer drugs. The original drug was Tagamet. After Zantac was introduced in 1983, the price of Tagemet rose 46%. After the introduction of two more "competitors" in 1986 and 1988, the price of Targamet was 64% higher than it had been in 1983.

"'Prescription drugs have been rising faster than the Consumer Price Index of all items," said Dr. Stephan Schondelmeyer, who directs the Pharmaceutical Economic Research Center at Purdue University. "Pharmaceutical manufacturers have not shown the ability to show restraint. When challenged, they become more aggressive.'"

A recent article in Fortune aptly describes the factors at work in pharmaceutical economics:

"In this business the person who makes the buying decision is not the person who spends the money and cares most about what a drug costs. Says Dr. Jerry Avorn, an associate professor at Harvard Medical school: "Prices are high because their is a unique relationship at work. The person who pays is not the person who prescribes."

"Those earnings flow from a peculiar combination of competent research, some genuinely innovative products and many that aren't, marketing muscle, and immensely valuable patent protection. Most important, says Robert P. Bauman, CEO of SmithKline Beechman, which makes Tagamet, one of the best selling drugs in history, "it's a business that has never competed on price."

"In this market, ordinary economics seems not to apply. Since the real decision-makers—doctors—care little prices, discounting neither wins market share nor stimulates overall demand. In fact, says Ramesh Ratan, former controller at a division of Bristol-Myers, the opposite may occur. Instead of turning a market with $200 million in sales into one one with $400 million, price cutting can slash revenues in half. The upshot, says Ratan: "Price wars don't exist pharmaceuticals.'"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. DELAY] is recognized for 60 minutes.

[Mr. DELAY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

HEALTH CARE LIABILITY REFORM AND QUALITY OF CARE IMPROVEMENT ACT OF 1992—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 102-355)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on the Judiciary and the Committee on Energy and Commerce, and ordered to be printed:

To the Congress of the United States:

I am pleased to transmit today for your immediate consideration and enactment the "Health Care Liability Reform and Quality of Care Improvement Act of 1992." Also transmitted is a section-by-section analysis.

This legislative proposal would assist in stemming the rising costs of health care caused by medical professional liability. During recent years, the costs of defensive medical practice and of litigation related to health care disputes have had a substantial impact on the affordability and availability of quality medical care. The bill attacks these very serious problems.

The bill would establish incentives for States to adopt within 3 years quality assurance measures and tort reforms. In addition, the health care reforms would apply to medical care and treatment funded through specific Federal programs pertaining to health care and employee benefits and to claims under the Federal Tort Claims Act. The tort reforms include: (1) a reasonable cap on noneconomic damages; (2) the elimination of joint and several liability for those damages; (3) prohibiting double recoveries by plaintiffs; and (4) permitting health care providers to pay damages for future costs periodically rather than in a lump sum.

Last year I recommended enactment of the "Health Care Liability Reform and Quality of Care Improvement Act of 1991." The enclosed bill includes the core provisions of that bill and expands its scope to ensure that treatment under federally funded health care and Federal employee benefit programs is subject to key reforms regardless of State action. Claims arising from such health care would first be considered through a fair system of nonbinding arbitration, in an effort to resolve the claims without litigation.

I urge the prompt and favorable consideration of this proposal, which would complement the other initiatives the Administration is undertaking regarding malpractice and quality of care.

GEORGE BUSH.

THE WHITE HOUSE, *July 2, 1992.*

ACTIVITIES OF U.S. GOVERNMENT DEPARTMENTS AND AGENCIES DURING CALENDAR YEAR 1991 RELATING TO PREVENTING NUCLEAR PROLIFERATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 102-354)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

I have reviewed the activities of the United States Government departments and agencies during calendar year 1991 related to preventing nuclear proliferation, and I am pleased to submit my annual report pursuant to section 601(a) of the Nuclear Non-Proliferation Act of 1978 (Public Law 95-242, 22 U.S.C. 3281(a)).

As the report demonstrates, the United States continued its efforts during 1991 to prevent the spread of nuclear explosives to additional countries, one of my highest priorities. The events of the past year in Iraq and elsewhere underline the importance of these efforts to preserving our national security, by reducing the risk of war and increasing international stability. I am determined to build on the achievements discussed in this report and to work with the Congress toward our common goal: a safer and more secure future for all humankind.

GEORGE BUSH.

THE WHITE HOUSE, *July 2, 1992.*

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 343. Concurrent resolution providing for an adjournment of the House from July 2 until July 7, 1992, an adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of the Senate from July 2 until July 20, 1992.

ADJOURNMENT OF THE HOUSE FROM JULY 2 UNTIL JULY 7, 1992, AND FROM JULY 9 TO JULY 21, 1992, AND ADJOURNMENT OR RECESS OF THE SENATE FROM JULY 2 OR JULY 3 UNTIL JULY 20, 1992

The SPEAKER pro tempore, by unanimous consent, laid before the House the Senate amendments to the concurrent resolution (H. Con. Res. 343) providing for an adjournment of the House from July 2 until July 7, 1992, and adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of the Senate from July 2 until July 20, 1992.

The Clerk read the Senate amendments as follows:

Senate amendments: Page 1, line 11, after "1992," insert "or Friday, July 3, 1992,".

Amend the title so as to read: "Concurrent resolution providing for an adjournment of the House from July 2 until July 7, 1992, an adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of

the Senate from July 2 or July 3 until July 20, 1992".

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. COLLINS of Illinois (at the request of Mr. GEPHARDT), for today, on account of personal business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BEREUTER) to revise and extend their remarks and include extraneous material:)

Mr. BEREUTER, for 5 minutes, today.

Mrs. BENTLEY, for 5 minutes, today.

(The following Members (at the request of Mr. MCNULTY) to revise and extend their remarks and include extraneous material:)

Mr. MAZZOLI, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

(The following Member (at her own request) to revise and extend her remarks and include extraneous material:)

Mrs. BENTLEY, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BATEMAN, on Senate Joint Resolution 324, Langley Research Center anniversary, in House, today.

(The following Members (at the request of Mr. BEREUTER) and to include extraneous matter:)

Mr. VANDER JAGT.
Ms. MOLINARI.
Mr. HORTON.
Mr. HASTERT.
Mr. RINALDO.
Mr. GREEN of New York.
Mr. DOOLITTLE.
Mr. BAKER.
Mr. SMITH of New Jersey.
Mr. BILIRAKIS.
Mr. WALKER.
Mr. MCMILLAN of North Carolina.
Mr. BEREUTER.
Mr. HOLLOWAY.

(The following Members (at the request of Mr. MCNULTY) and to include extraneous matter:)

Mr. KILDEE.
Mr. PENNY.
Mr. DIXON.
Mr. REED.
Mr. BARNARD.
Mr. STARK in two instances.
Mr. KOSTMAYER.
Mr. HOCHBRUECKNER.
Mr. SWETT.
Mr. FALEOMAVAEGA.
Ms. NORTON.
Mr. RICHARDSON.
Mr. SCHUMER.
Mr. SOLARZ.
Mr. FRANKS of Connecticut.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1598. An act to continue the authorization of appropriations for the East Court of the National Museum of Natural History; to the Committees on House Administration and Public Works and Transportation.

S. 2827. An act to amend the John F. Kennedy Center Act (20 U.S.C. 76h et seq.) to provide authorization of appropriations for fiscal years 1993 through 1997 for the John F. Kennedy Center for the Performing Arts, and for other purposes; to the Committee on Public Works and Transportation.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2780. An act to amend the Food Security Act of 1985 to remove certain easement requirements under the conservation reserve program, and for other purposes.

ADJOURNMENT TO TUESDAY, JULY 7, 1992

Mr. MAZZOLI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore. Pursuant to the provisions of House Concurrent Resolution 343 of the 102d Congress, the House stands adjourned until 12 noon Tuesday, July 7, 1992.

Thereupon (at 5 o'clock and 55 minutes p.m.), pursuant to House Concurrent Resolution 343, the House adjourned until Tuesday, July 7, 1992, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3866. A letter from the Secretary of Education, transmitting the report "The Condition of Bilingual Education in the Nation," pursuant to 20 U.S.C. 3331; to the Committee on Education and Labor.

3867. A communication from the President of the United States, transmitting the report on adherence of the United States to arms control treaty obligations and on problems related to compliance by other nations with the provisions of arms control agreements to which the United States is a party, pursuant to 22 U.S.C. 2592; to the Committee on Foreign Affairs.

3868. Communication from the President of the United States, transmitting his intent to designate Colombia as a beneficiary of the trade-liberalization measures provided in the Andean Trade Preference Act, pursuant to 19 U.S.C. 3202 (H. Doc. No. 102-356); to the Committee on Ways and Means and ordered to be printed.

3869. Communication from the President of the United States, transmitting his intent to designate Bolivia as a beneficiary of the trade-liberalization measures provided in the Andean Trade Preference Act, pursuant to 19 U.S.C. 3202 (H. Doc. No. 102-357); to the Committee on Ways and Means and ordered to be printed July 2, 1992.

3870. A letter from the Comptroller General, transmitting the financial audit of the FSLIC Resolution Fund's 1991 and 1990 financial statements (GAO/AFMD-92-75, June 1992); jointly, to the Committees on Government Operations and Banking, Finance and Urban 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. ROSE: Committee on House Administration. H.R. 5269. A bill to add to the area in which the Capitol police have law enforcement authority, and for other purposes; with an amendment (Rept. 102-648). Referred to the Committee of the Whole House on the State of the Union.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 4706. A bill to amend the Consumer Product Safety Act to extend the authorization of appropriations under that Act, and for other purposes; with an amendment (Rept. 102-649). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee of Conference. Conference report on H.R. 5260 (Rept. 102-650). Ordered to be printed.

Mr. WHEAT. Committee on Rules. House Resolution 509. Resolution waiving certain points of order against and during consideration of the bill (H.R. 5517) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1993, and for other purposes (Rept. 102-651). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. H. Res. 510. Resolution providing for the consideration of the bill (H.R. 5100) to strengthen the international trade position of the United States. (Rept. 102-652). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. H. Res. 511. Resolution waiving points of order against the conference report on the bill (H.R. 5260) to extend the emergency unemployment compensation program, to revise the trigger provisions contained in the extended unemployment program, and for other purposes (Rept. 102-653). Referred to the House Calendar.

Mr. BROWN: Committee on Science, Space, and Technology. H.R. 4400. A bill to provide the Administrator of the Small Business Administration continued authority to administer the Small Business Innovation Research Program, and for other purposes; with an amendment (Rept. 102-554, Pt. 2). Ordered to be printed.

Mr. ASPIN: Committee on Armed Services. H.R. 4547. A bill to authorize supplemental

assistance for the former Soviet republics; with amendments (Report No. 102–569, Pt. 3). Ordered to be printed.

Mr. DE LA GARZA: Committee on Agriculture. H.R. 4547. A bill to authorize supplemental assistance for the former Soviet republics, with amendments (Rept. 102–569, Pt. 4). Referred to the Committee of the Whole House on the State of the Union.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

Under clause 5 of rule X the following action was taken by the Speaker:

H.R. 2407. Referral to the Committee on the Judiciary extended for a period ending not later than July 22, 1992.

H.R. 4400. The Committee on Foreign Affairs discharged from further consideration of H.R. 4400.

H.R. 4400. Referral to the Committee on Armed Services extended for a period ending not later than July 7, 1992.

H.R. 4547. The Committees on Banking, Finance and Urban Affairs and Science, Space, and Technology discharged from further consideration of H.R. 4547.

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. BERMAN:

H.R. 5534. A bill to authorize the Secretary of the Interior to enter into a cooperative agreement with the William O. Douglas Outdoor Classroom; to the Committee on Interior and Insular Affairs.

By Mr. TORRES:

H.R. 5535. A bill to amend the Small Business Act to establish a Small Business Health Insurance Advisory Council and to provide for the establishment by small business development centers of health insurance information, counseling, and technical assistance programs, and for other purposes; to the Committee on Small Business.

H.R. 5536. A bill to amend the Internal Revenue Code of 1986 to allow a full, permanent deduction for the health insurance costs of self-employed individuals and to allow a refundable credit for certain health plan costs of small employers; to the Committee on Ways and Means.

By Mr. ACKERMAN:

H.R. 5537. A bill to amend title IV of the Employee Retirement Income Security Act of 1974 to include among pension plans covered under such title pension plans established and maintained by State or local governments for volunteer firefighters; to the Committee on Education and Labor.

By Mr. ANNUNZIO (for himself, Mr. WYLIE, Mr. BARNARD, Mr. LAROCCO, Mr. RIGGS, Mr. CAMPBELL of Colorado, Mr. HAYES of Illinois, Mr. ZELIFF, Mr. HOCHBRUECKNER, and Mr. BEREUTER):

H.R. 5538. A bill to amend the Federal Deposit Insurance Act to improve the collection of restitution awarded in cases of banking law violations, and for other purposes; jointly, to the Committees on Banking, Finance and Urban Affairs and the Judiciary.

By Mr. BEREUTER (for himself, Mr. ERDREICH, Mr. WYLIE, Mr. HUBBARD, Mr. BARNARD, Mr. MORAN, Mr. MCCOLLUM, Mr. ROTH, Mr. MCCANDLESS, Mr. BAKER, Mr. GILLMOR, Mr. HANCOCK, Mr. RIGGS, Mr. NUSSLE, Mr. BARRETT, and Mr. FIELDS):

H.R. 5539. A bill to increase the amount of credit available to fuel local, regional, and national economic growth by reducing the regulatory burden imposed upon depository institutions and for other purposes; jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

By Mr. DELLUMS (for himself and Ms. NORTON):

H.R. 5540. A bill to waive the period of congressional review for certain District of Columbia acts; to the Committee on the District of Columbia.

By Mr. DOOLITTLE (for himself, Mr. HERGER, and Mr. GUNDERSON):

H.R. 5541. A bill to require the Federal Communications Commission to amend the program exclusivity and nonduplication rules relating to cable television system blackouts to permit carriage of network programming from broadcasts within the same State; to the Committee on Energy and Commerce.

By Mr. HASTERT (for himself, Mr. COMBEST, Mr. DELAY, and Mr. EWING):

H.R. 5542. A bill to institute accountability in the Federal regulatory process, establish a program for systematic selection of regulatory priorities, and for other purposes; to the Committee on the Judiciary.

By Mr. HORTON (for himself, Mr. GILMAN, Mr. MANTON, Mr. RANGEL, Mr. SCHEUER, Mr. TOWNS, Mr. SCHUMER, Mr. ENGEL, Mr. DOWNEY, Mr. ACKERMAN, Mr. MCNULTY, Mr. FISH, Mr. SOLARZ, Mr. WALSH, Mr. PAXON, Mr. OWENS of New York, Mr. MRAZEK, Mr. LENT, Mr. SOLOMON, Mr. MARTIN, Mrs. LOWEY of New York, Mr. LAFALCE, Mr. HOCHBRUECKNER, Mr. MCGRATH, Mr. NOWAK, Mr. BOEHLERT, Mr. MCHUGH, Ms. MOLINARI, Mr. WEISS, Mr. GREEN of New York, Mr. FLAKE, Mr. SERRANO, Mr. HOUGHTON, and Ms. SLAUGHTER):

H.R. 5543. A bill to amend title 38, United States Code, to provide that future increases in the monthly amount paid by the State of New York to blind disabled veterans shall be excluded from the determination of annual income for purposes of the payment of pension by the Secretary of Veterans Affairs; to the Committee on Veterans' Affairs.

By Mr. MCMILLAN of North Carolina (for himself and Mr. WYLIE):

H.R. 5544. A bill to prohibit the Resolution Trust Corporation from delaying the closing of any savings association because of a lack of appropriated funds and to authorize the Corporation to issue notes to depositors of closed savings associations for the amount of unpaid insured deposits; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MORAN (for himself, Mr. LEWIS of California, Mr. BARNARD, Mr. GORDON, Mr. GIBBONS, Mr. STENHOLM, Mr. CARPER, Mr. WHEAT, Mr. KENNEDY, Mr. LEACH, Mr. JENKINS, Mr. COSTELLO, Mr. MYERS of Indiana, Mr. BROOMFIELD, Mr. HYDE, Mr. HERGER, Mr. CAMPBELL of California, Mr. ROBERTS, Mr. MCEWEN, Mr. HORTON, Mr. ESPY, Mr. CONDIT, Mr. HARRIS, Mr. ERDREICH, Mr. SISISKY, Mr. JACOBS, Mr. GUARINI, Mr. PANETTA, Mr. DONNELLY, Mr. LAUGHLIN, Mr. DARDEN, Mr. SLATTERY, Mr. TANNER, Mr. LUKEN, Mr. MCCRERY, Mr. RAMSTAD, Mr. THOMAS of Wyoming, Mr. SANGMEISTER, Mr. TRAFICANT, Mr. ALLARD, Mr. SCHIFF, Mr. BROWDER, Mr. LAFALCE, Mr. MCCANDLESS, Mr. CRAMER, Mr. HUBBARD, Mr. ORTON, Mr. MANTON, Mr. DWYER of New Jersey, Mr. RAY, Mr. ORTIZ, Mr. CLEMENT, Mr. KANJORSKI, Mr. PARKER, Mr. BOUCHER, Mr. RAHALL, Mr. BREWSTER, Mr. MURPHY, Mr. PAYNE of Virginia, Mr. PENNY, Mr. WILSON, Mr. POSHARD, Mr. STAGGERS, Mr. EWING, Mr. ANDREWS of New Jersey, Mr. GEREN of Texas, Mr. LIPINSKI, Mr. THOMAS of Georgia, Mr. PASTOR, Mr. SARPALIUS, Ms. HORN, Mr. SKEEN, Mr. DOOLEY, Mr. BRYANT, Mr. BLILEY, Mr. WISE, Mr. ROWLAND, Mr. STALLINGS, Mr. OLIN, Mr. HOCHBRUECKNER, and Mr. JOHNSTON of Florida):

H.R. 5545. A bill to improve Federal decisionmaking by requiring a thorough evaluation of the economic impact of Federal legislative and regulatory requirements on State and local governments and the economic resources located therein; jointly, to the Committees on Rules and the Judiciary.

By Ms. PELOSI (for herself, Mrs. BOXER, Mr. DELLUMS, Mr. EDWARDS of California, Mr. FAZIO, Mr. LANTOS, Mr. MILLER of California, Mr. MINETA, and Mr. STARK):

H.R. 5546. A bill to amend the Federal Water Pollution Control Act to provide for implementation of a management plan for the San Francisco Bay-Delta Estuary, and for other purposes; jointly, to the Committees on Public Works and Transportation and Merchant Marine and Fisheries.

By Mr. RICHARDSON (for himself, Mr. BROWN, and Mr. JONTZ):

H.R. 5547. A bill to require the Secretary of Agriculture to establish an administrative appeals process with respect to certain Forest Service decisions, and for other purposes; to the Committee on Agriculture.

By Mr. RICHARDSON:

H.R. 5548. A bill to direct the Secretary of Agriculture to convey certain lands to the town of Taos, NM; to the Committee on Interior and Insular Affairs.

By Mr. SANTORUM:

H.R. 5549. A bill to repeal the Rural Electrification Act of 1936, require the sale of all loans made under such act, and authorize the Secretary of Agriculture to make loans to electric generation and transmission cooperatives which are unable to obtain needed financing in the private sector; to the Committee on Agriculture.

H.R. 5550. A bill to limit the annual growth in overhead of executive agencies of the Government beginning with fiscal year 1994; to the Committee on Government Operations.

H.R. 5551. A bill to achieve payroll and work force reductions within the Federal Government through management incentives and other means; to the Committee on Post Office and Civil Service.

H.R. 5552. A bill to authorize a combined grant to States for administrative costs necessary to carry out the program of aid to families with dependent children under title IV of the Social Security Act, the State plan for medical assistance under title XIX of such act, and the Food Stamp Program, to eliminate enhanced Federal payments for such costs under such programs, and for other purposes; jointly, to the Committees on Ways and Means, Agriculture, and Energy and Commerce.

H.R. 5553. A bill to enable the Secretary of Health and Human Services to carry out activities to reduce waste and fraud under the Medicare Program; jointly, to the Committees on Ways and Means and Energy and Commerce.

H.R. 5554. A bill to require the consolidation of agricultural research and extension activities of the Department of Agriculture; to the Committee on Agriculture.

By Mr. SCHUMER (for himself, Mr. WALSH, and Mr. LEHMAN of Florida):

H.R. 5555. A bill to provide for increased preinspection at foreign airports, to make permanent the visa waiver pilot program, and to provide for expedited airport immigration processing; to the Committee on the Judiciary.

By Mr. STARK:

H.R. 5556. A bill to establish in the Food and Drug Administration the Patented Medicine Prices Review Board to regulate the prices of certin prescription drugs, and for other purposes; jointly, to the Committee on the Judiciary and Energy and Commerce.

By Mr. STUDDS (for himself, Mr. REED, Mr. MAVROULES, Mr. ATKINS, Mr. OLVER, Mr. YOUNG of Alaska, Mr. GROSS, and Mr. FRANK of Massachusetts):

H.R. 5557. A bill to amend the Magnuson Fishery Conservation and Management Act to provide for the restoration of New England stocks of groundfish, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. VISCLOSKY (for himself, Mr. MCCLOSKEY, and Mr. APPLEGATE):

H.R. 5558. A bill to amend title XVIII of the Social Security Act to protect certain hospitals from the unintended effects of geographic reclassification in determining the amount of payments to such hospitals for the operating costs of inpatient hospital services under part A of the Medicare Program, to clarify the criteria used for the geographic reclassification of hospitals under the program, and to permit certain hospitals to be treated as regional referral centers under the program; to the Committee on Ways and Means.

By Mr. TAUZIN (for himself, Mr. SLATTERY, Mr. LEHMAN of California, Mr. MOORHEAD, Mr. BARTON of Texas, Mr. RITTER, Mr. OXLEY, and Mr. HASTERT):

H.R. 5559. A bill to amend the Communications Act of 1934 to regulate the provision of information services by common carriers, to foster the development of the information services industry, and to promote competition in the provision of information services; to the Committee on Energy and Commerce.

By Mr. WELDON (for himself, Mr. APPLEGATE, Mr. BEVILL, Mr. DORNAN of California, Mr. SCHEUER, Mr. STAGGERS, Ms. NORTON, Mr. MCMILLEN of Maryland, Mrs. MINK, Mr. SISISKY, Mrs. BOEHLERT, Mr. MAZZOLI, Mr. JACOBS, Mr. SUNDQUIST, Mr. MORAN, Mr. GUARINI, Mr. BUNNING, Mr. WEISS, Mr. NEAL of North Carolina, Mr. FISH, Mr. HORTON, Mr. HOYER, Mr. DURBIN, Mr. ASPIN, Mr. MCNULTY, Mr. VANDER JAGT, Mr. MURTHA, Mr. LIPINSKI, Mr. CHAPMAN, Mr. TALLON, Mr. COBLE, Ms. LONG, Mr. HARRIS, Mr. RIGGS, Mr. GRANDY, Mr. SABO, Mr. FROST, Mr. CLINGER, Mr. HOCHBRUECKNER, Mr. TAYLOR of North Carolina, Mr. MORRISON, Mr. LEHMAN of Florida, Mr. RICHARDSON, Mr. ERDREICH, Ms. PELOSI, Mr. POSHARD, Mr. STUMP, Mr. ACKERMAN, Mr. DWYER of New Jersey, Mr. DARDEN, Mr. DOWNEY, Mr. BROWDER, Mr. CARPER, Mr. FAWELL, Mr. KOPETSKI, Mr. MANTON, Mr. LENT, Mr. BOUCHER, Mr. SAXTON, Mr. JENKINS, Mr. OXLEY, Mr. RANGEL, Mr. LIVINGSTON, Mr. DREIER of California, Mr. SHAW, Mr. GILMAN, Mr. TRAXLER, Mr. PICKETT, Mr. WOLF, Mr. RUSSO, Mr. PAXON, Mr. MONTGOMERY, Mr. BONIOR, Mr. ROEMER, Mrs. UNSOELD, Mr. EMERSON, Mrs. MORELLA, Mr. SANGMEISTER, Mr. KASICH, Mr. GAYDOS, Mr. GALLEGLY, Mr. MCGRATH, Mr. SPRATT, Mr. SKEEN, Ms. DELAURO, Mrs. COLLINS of Michigan, Mr. OLVER, Mrs. BYRON, Mr. WALSH, Mr. LEVIN of Michigan, Mr. EDWARDS of Texas, Ms. SLAUGHTER, Mr. VALENTINE, Mr. LAFALCE, Mr. STEARNS, Mr. COLEMAN of Texas, Mr. MAVROULES, Mr. HUGHES, Mr. QUILLEN, Mr. KLUG, Ms. MOLINARI, Mr. EVANS, Mr. SERRANO, Mr. LANTOS, Mr. GEREN of Texas, Mr. TRAFICANT, Mr. YOUNG of Florida, Mr. ROE, Mr. CARDIN, Mr. PAYNE of New Jersey, Mr. JEFFERSON, Mr. SCHIFF, Mr. LEWIS of California, Mr. ZIMMER, Mr. LAUGHLIN, Mr. FAZIO, Mr. DEFAZIO, Mr. LANCASTER, Mr. MRAZEK, Mr. VENTO, Mr. ZELIFF, and Mr. GEJDENSON):

H.J. Res. 523. Joint resolution designating October 8, 1992, as "National Firefighters Day"; to the Committee on Post Office and Civil Service.

By Mr. HOYER:

H. Con. Res. 343. Concurrent resolution providing for an adjournment of the House from July 2 until July 7, 1992, an adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of the Senate from July 2 until July 20, 1992; considered and agreed to.

By Mr. KOSTMAYER (for himself and Mrs. MORELLA):

H. Con. Res. 344. Concurrent resolution calling on the Secretary of Defense to complete a full investigation into alleged sexual harassment of women at the symposium of the Tailhook Association in September 1991; to the Committee on Armed Services.

By Mr. MCCLOSKEY:

H. Con. Res. 345. Concurrent resolution concerning declassification and release of information relating to United States military personnel held involuntarily in Indochina; to the Committee on Government Operations.

By Ms. MOLINARI:

H. Con. Res. 346. Concurrent resolution expressing the sense of the Congress that the U.S. Postal Service should not tender high-threat mail to air carriers for transportation on passenger flights until the recommendations of the Federal Aviation Administration's mail and cargo security study are implemented; to the Committee on Post Office and Civil Service.

By Mr. HAMILTON:

H. Res. 512. Resolution providing amounts from the contingent fund of the House for expenses of investigations and studies by the Task Force to Investigate Certain Allegations Concerning the Holding of Americans as Hostages in Iran in 1980 in the second session of the One Hundred Second Congress; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII,

495. The Speaker presented a memorial of the Legislature of the State of Michigan, relative to a national registry of persons convicted of child abuse crimes; referred to the Committee on Education and Labor.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 104: Mr. BUSTAMANTE.

H.R. 430: Mr. CUNNINGHAM.

H.R. 551: Mr. MORRISON, Mr. MILLER of Washington, Mr. ZIMMER, Mr. EMERSON, and Mr. DUNCAN.

H.R. 917: Mr. MORRISON, Mr. KLUG, and Mr. SCHIFF.

H.R. 918: Mr. REED.

H.R. 1241: Mr. ALLEN and Mr. HASTERT.

H.R. 1335: Mr. KOPETSKI, Mr. SANDERS, and Mr. TORRICELLI.

H.R. 1378: Mr. TORRICELLI.

H.R. 1379: Mr. TORRICELLI and Mr. JOHNSON of South Dakota.

H.R. 1443: Mr. APPLEGATE.

H.R. 1456: Mr. GOODLING.

H.R. 1536: Mr. MCNULTY.

H.R. 1886: Mr. SKAGGS and Mr. KANJORSKI.

H.R. 2164: Mr. HUCKABY.

H.R. 2867: Mr. MCMILLEN of Maryland.

H.R. 2894: Mr. MINETA and Mr. DARDEN.

H.R. 3164: Mr. SAXTON, Mr. ROTH, Mr. SAWYER, Mr. HOBSON, and Mrs. VUCANOVICH.

H.R. 3204: Mr. RAMSTAD.

H.R. 3253: Mr. KILDEE.

H.R. 3273: Mr. MILLER of Ohio, Mr. PACKARD, Mr. OWENS of Utah, Ms. PELOSI, Mr. STALLINGS, Mr. CONDIT, Mr. LEWIS of California, Mr. NEAL of Massachusetts, Mr. GALLO, Mr. WYDEN, Ms. KAPTUR, Mr. LEVIN of Michigan, Mr. RIGGS, Mr. FAZIO, Mr. DOOLITTLE, and Mr. JOHNSON of South Dakota.

H.R. 3441: Mr. ZELIFF.

H.R. 3486: Mr. MAZZOLI and Mr. CHANDLER.

H.R. 3493: Mr. HOBSON and Mr. BAKER.

H.R. 3561: Mr. LIVINGSTON, Mr. MCCRERY, and Mr. CRANE.

H.R. 3598: Ms. SNOWE.

H.R. 3625: Mr. KILDEE.

H.R. 3764: Mr. RAVENEL.

H.R. 3776: Mr. LANTOS.

H.R. 4094: Mr. FISH.

H.R. 4178: Mr. PRICE.

H.R. 4259: Mr. ATKINS, Mr. MILLER of California, and Mr. EVANS.

H.R. 4270: Mr. WISE.

H.R. 4279: Mrs. LOWEY of New York.

H.R. 4334: Mr. RIGGS, Mr. EWING, Mr. DANNEMEYER, Mr. BURTON of Indiana, and Mr. HANCOCK.

H.R. 4414: Mr. MILLER of Washington.

H.R. 4537: Mr. SHAW.

H.R. 4542: Mr. FOGLIETTA, Ms. PELOSI, and Mr. WOLPE.

H.R. 4585: Mr. WHEAT, Mr. RAVENEL, Mr. ERDREICH, Ms. PELOSI, Mr. GIBBONS, Mr. JACOBS, Mr. DIXON, Mr. HAYES of Illinois, and Mr. HARRIS.

H.R. 4599: Mr. PANETTA and Mr. ROWLAND.

H.R. 4725: Mr. BUSTAMANTE.

H.R. 4729: Mr. KILDEE, Mr. SANDERS, Mr. BUSTAMANTE, Mr. ENGLISH, Mr. PETERSON of Florida, and Mr. CARPER.

H.R. 4738: Mr. MAVROULES.

H.R. 4754: Mr. KOSTMAYER and Mr. TORRICELLI.

H.R. 4976: Mr. HORTON.

H.R. 5096: Mr. BRYANT, Mr. SYNAR, Mr. STAGGERS, Mr. HUBBARD, and Mr. JONES of North Carolina.

H.R. 5121: Mr. OWENS of New York, Mrs. EVANS, and Mr. BILBRAY.

H.R. 5123: Mr. LAFALCE, Mr. KENNEDY, Mr. RAVENEL, Mr. KOPETSKI, Mr. NEAL of North Carolina, and Ms. SLAUGHTER.

H.R. 5176: Mr. ACKERMAN and Mrs. LOWEY of New York.

H.R. 5220: Mr. FISH, Mr. ZELIFF, Mr. CUNNINGHAM, Mr. GALLEGLY, Mr. GINGRICH,

Mr. RANGEL, Mr. SKEEN, Mr. HORTON, and Mr. MCCRERY.

H.R. 5223: Mr. JOHNSON of South Dakota and Mr. MORRISON.

H.R. 5264: Mr. FLAKE.

H.R. 5297: Mr. PAXON, Mr. GORDON, Mr. INHOFE, Mr. GILMAN, Mr. FROST, Mr. LIGHTFOOT, Mr. MCEWEN, Mr. BAKER, Mr. SWIFT, Mr. COLEMAN of Missouri, Mr. DEFAZIO, Mr. DARDEN, Mr. HOLLOWAY, Mr. STUMP, Mr. ASPIN, Mr. HORTON, Mr. PICKETT, Mr. TAUZIN, Mr. PETERSON of Florida, Mr. MCCRERY, Mr. NEAL of North Carolina, Mr. RAHALL, Mr. CAMP, Mr. GINGRICH, and Mr. TANNER.

H.R. 5307: Mr. FASCELL, Mr. YOUNG of Florida, Mr. GIBBONS, Mr. MCCOLLUM, and Mr. SPENCE.

H.R. 5340: Mr. FIELDS, Mr. DOOLITTLE, Mr. MURPHY, Mr. CUNNINGHAM, Mr. BLILEY, Mr. HASTERT, Mr. VOLKMER, Mr. LENT, Mr. WEBER, Mr. MYERS of Indiana, Mr. LOWERY of California, Mr. DE LA GARZA, and Mr. TAUZIN.

H.R. 5360: Mr. PASTOR and Mr. EVANS.

H.R. 5375: Mr. EWING, Mr. KLUG, and Mr. FRANKS of Connecticut.

H.R. 5391: Mr. FRANK of Massachusetts, Mrs. BENTLEY, Mr. HORTON, and Mr. RANGEL.

H.R. 5401: Mr. RINALDO and Ms. NORTON.

H.R. 5404: Mr. LANCASTER, Mr. WILSON, Mr. FROST, and Mr. ZELIFF.

H.R. 5416: Mr. EVANS and Ms. NORTON.

H.R. 5433: Mr. MORAN, Mr. ZELIFF, Mr. BAKER, Mr. THOMAS of Wyoming, Mr. PAXON, Mr. RIGGS, Mr. MCCANDLESS, Mr. ROTH, Mr. ZIMMER, Mr. HAMMERSCHMIDT, Mr. BARRETT, Mr. FIELDS, and Mr. VISCLOSKY.

H.R. 5456: Mr. BERMAN.

H.R. 5476: Mr. HOCHBRUECKNER, Mr. DOWNEY, Mr. MRAZEK, Mr. LENT, Mr. MCGRATH, Mr. FLAKE, Mr. ACKERMAN, Mr. SCHEUER, Mr. MANTON, Mr. SCHUMER, Mr. TOWNS, Mr. OWENS of New York, Mr. SOLARZ, Ms. MOLINARI, Mr. GREEN of New York, Mr. GUARINI, Mr. WEISS, Mr. SERRANO, Mr. ENGEL, Mrs. LOWEY of New York, Mr. FISH, Mr. GILMAN, Mr. MCNULTY, Mr. SOLOMON, Mr. BOEHLERT, Mr. MARTIN, Mr. WALSH, and Mr. RANGEL.

H.R. 5477: Mr. FASCELL.

H.R. 5478: Mr. LANCASTER, Mr. ROSE, Mr. ERDREICH, Mr. COLEMAN of Texas, Mr. RICHARDSON, Mr. PASTOR, Mr. BARNARD, Mr. TAUZIN, Mr. TORRES, Mr. PICKLE, Mr. BROOKS, Mr. RAVENEL, Mr. FASCELL, and Mr. ROYBAL.

H.R. 5496: Mr. ZELIFF, Ms. KAPTUR, and Mr. ATKINS.

H.R. 5514: Mr. SWIFT.

H.J. Res. 378: Mr. FOGLIETTA and Mr. DICKINSON.

H.J. Res. 400: Mr. OWENS of Utah, Mr. DICKINSON, and Mrs. KENNELLY.

H.J. Res. 411: Mr. PANETTA.

H.J. Res. 474: Mr. CARDIN, Mr. DWYER of New Jersey, Mrs. VUCANOVICH, and Mr. ROTH.

H.J. Res. 478: Mr. KILDEE, Mr. COUGHLIN, Mrs. ROUKEMA, Mr. SCHAEFER, and Ms. SLAUGHTER.

H.J. Res. 479: Mr. COLORADO, Mr. MURTHA, and Mr. ANNUNZIO.

H.J. Res. 483: Mr. CALLAHAN.

H.J. Res. 489: Mr. KASICH, Mrs. BOXER, Mr. MACHTLEY, Mr. WYDEN, Ms. SLAUGHTER, Mr. CARDIN, and Mr. HERGER.

H.J. Res. 495: Mr. JOHNSON of South Dakota and Mrs. KENNELLY.

H.J. Res. 498: Mr. GEREN of Texas, Mr. RAY, Mr. VALENTINE, Mr. CARPER, Mr. MINETA, Mr. PAYNE of New Jersey, Mr. POSHARD, Mr. DEFAZIO, Mr. BLILEY, Ms. NORTON, Mr. FORD of Michigan, and Mr. PETERSON of Minnesota.

H.J. Res. 501: Mr. ECKART and Mr. PERKINS.

H.J. Res. 508: Mr. JEFFERSON, Mr. WAXMAN, Mr. FROST, Mr. TORRICELLI, Mr. HORTON, Mr. LANCASTER, Mr. APPLEGATE, Mr. ABERCROMBIE, Mr. HOCHBRUECKNER, and Mr. KILDEE.

H. Con. Res. 246: Mr. ROEMER, Mr. VALENTINE, Mr. GLICKMAN, Mr. FALEOMAVAEGA, and Mr. MURTHA.

H. Con. Res. 282: Mr. MORRISON, Mr. DYMALLY, Mr. YATES, Mr. HASTERT, Mr. GRANDY, Mr. ORTIZ, Ms. PELOSI, and Mr. HOPKINS.

H. Con. Res. 295: Mr. SCHEUER and Mr. TORRICELLI.

H. Con. Res. 307: Mr. SHUSTER.

H. Res. 139: Mr. SHUSTER.

H. Res. 422: Mr. GEJDENSON, Mr. OWENS of Utah, and Mrs. KENNELLY.

H. Res. 470: Ms. NORTON, Mr. ENGEL, and Mr. FROST.

H. Res. 472: Mr. PAXON.

H. Res. 490: Mr. MILLER of Washington, Mr. ATKINS, Mr. STOKES, Mr. MCDERMOTT, Mr. SAXTON, Mr. THOMAS of Wyoming, Mr. SMITH of Iowa, Mr. RHODES, Mr. FAWELL, and Mr. HASTERT.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3221: Mr. VOLKMER.

SENATE—Thursday, July 2, 1992

(Legislative day of Tuesday, June 16, 1992)

The Senate met at 8:30 a.m., on the expiration of the recess, and was called to order by the Honorable PAUL D. WELLSTONE, a Senator from the State of Minnesota.

PRAYER

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

Let us pray:

*For all have sinned, and come short of the glory of God * * *.*—Romans 3:23.

Almighty God, Karl Marx proposed a political system based on his belief that human nature was inherently good and religion was an opiate of the people. Our Founding Fathers built a political system based upon their view that human nature has a propensity to abuse power and introduced a government of three branches providing a system of checks and balances. Marx's system collapsed after 70 years, ours continues into its third century. In the light of present crises, financial corruption, human selfishness and greed, the lust for power, deliver us from the naivete that human nature can be trusted without God.

Faithful Father in heaven, midst the frustration and struggle of election as campaigns become increasingly negative and party lines more sharply drawn, sensitize us to the ever-present possibility that a battle could be won and the war lost. Despite our deep differences, Dear God, keep us dedicated to the profound unity that has characterized our history from the earliest difficult days of colonialism. In the name of the Prince of Peace. 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. BYRD).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 2, 1992.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable PAUL D. WELLSTONE, a Senator from the State of Minnesota, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

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

RESERVATION OF LEADERSHIP TIME

The ACTING PRESIDENT pro tempore.

Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak therein for up to 5 minutes each.

The Senator from Georgia [Mr. NUNN] is recognized to speak for up to 30 minutes.

THE DEFENSE DEPARTMENT MUST THOROUGHLY OVERHAUL THE SERVICES' ROLES AND MISSIONS

Mr. NUNN. Mr. President, in 1986, after almost 4 years of work, study, and deliberation, the Congress passed landmark legislation reorganizing the Department of Defense. That landmark legislation, known as the Goldwater-Nichols Act, brought about a coordination and consolidation in the Department of Defense that had been sought 40 years earlier when President Truman stated in a message to the Congress that "* * * There is enough evidence now at hand to demonstrate beyond question the need for a unified department." Those words triggered the process that established the Department of Defense.

Those who sought unification under a new Department of Defense had to reconcile their goals with those who sought to preserve the power and influence and prerogatives of the independent military departments that preceded it. The past 40 years have been filled with evolutionary changes on the road to complete reform. The Goldwater-Nichols Act in 1986 was the most far-reaching step yet taken to create a coherent, efficient, and effective Defense Establishment.

We saw the first tangible fruits of that act in Operation Just Cause in Panama and Operation Desert Shield/Desert Storm in Southwest Asia. For the first time, the services were integrated in a way that combined the unique strengths of the individual services. As a combined force, our military capability totaled more than 100 percent of the sum of the parts contributed by each of the services. The unique contributions of the individual services were combined in an effective and innovative way to create the most capable military force in the modern era.

Gen. Norman Schwarzkopf, Commander in Chief of the U.S. Central Command, testifying before the Congress at the end of Desert Storm, summarized the importance of Goldwater-Nichols:

> Goldwater-Nichols established very, very clear lines of command authority and responsibilities over subordinate commanders, and that meant a much more effective fighting force in the gulf. The lines of authority were clear, the lines of responsibility were clear, and we just did not have any problem in that area—none whatsoever.

Secretary of Defense Richard Cheney said:

> I am personally persuaded that [Goldwater-Nichols] was the most far-reaching piece of legislation affecting the Department since the original National Security Act of 1947. * * * Clearly, it made a major contribution to our recent military successes.

Goldwater-Nichols has been a great success, in no small measure because men and women in the military implemented it with typical American determination. The Department deserves great credit for its implementation of both the spirit and the letter of the Goldwater-Nichols Act. General Powell and Secretary Cheney are especially to be congratulated for their consistent efforts to implement the Act.

ROLES AND MISSIONS OF THE SERVICES REMAINS UNFINISHED BUSINESS

But even the success of Goldwater-Nichols did not complete the process of reform. There still is considerable unfinished business at hand. One of the biggest problems we now face is an item that Goldwater-Nichols addressed in a limited way, and that is the issue of the assignment of roles and missions of the military departments.

In 1947, when the Department of Defense was formed, one of the most fiercely debated issues was the roles and missions of the services. It was not merely an issue of pride and tradition although that certainly was part of it. It was an issue of power and resources. Controlling a mission meant having a claim to budget resources. The roles and missions of the services followed the historical evolution of responsibilities and capabilities of the Army and the Navy. The Army was responsible for land operations and the Navy and Marine Corps for sea and coastline operations. But when new technologies—like combat aviation—emerged, the lines became fuzzy. A new service—the

Air Force—was established, but the Navy, Marine Corps, and Army all continued to operate combat aircraft, arguing that organic capabilities were needed in order to carry out war on land or at sea. Satellites and missile technology were on the drawing boards, and the Army, Navy, and Air Force all wanted to be involved in these new technologies.

Then Secretary of Defense James Forrestal sought to resolve the dispute by convening a meeting of the service heads at Key West, FL, and in 1948, the famous Key West Agreement was reached that set out the various roles and missions of the military services.

The problem, of course, with the Key West Agreement is that it largely failed to avoid the tremendous redundancy and duplication among the military services. As former Senator Barry Goldwater frequently said, we are the only military in the world with four air forces. We have a Marine Corps and an Army with light infantry divisions. Both the Navy and the Air Force design, build, test, and field cruise missiles. Both the Navy and the Air Force build and operate satellites. Each of the military departments has its own huge infrastructure of schools, laboratories, industrial facilities, testing organizations, and training ranges. We have at least three, and in some instances four separate Chaplain Corps, Medical Corps, Dental Corps, Nursing Corps, and Legal Corps. In certain cases Navy radios cannot operate interchangeably with Army radios. Navy aircraft require different types of aerial refueling equipment than Air Force aircraft. Air Force aircraft use chaff and flares that cannot be used by the Navy. The list goes on and on and on.

Mr. President, this redundancy and duplication is costing billions of dollars every year. Let me provide just a few examples of potential savings. The Army has 18 divisions and the Marine Corps has 4 divisions. If the Defense Department decided it could eliminate just two divisions and we would save nearly $3.5 billion every year. The Air Force has 26 equivalent fighter wings, the Navy has 13, and the Marine Corps 4 wings, for a total of 43 wings. If the Defense Department decided it could eliminate just five wings of duplicative capability, we could save over $1.5 billion annually. But more important, we would eliminate the need to spend $18 to $25 billion on new aircraft over the next 15 years. The Navy operates 12 aircraft carriers. If the Defense Department decided that long-range aviation could eliminate the need for two aircraft carriers, you save $7 billion in operating costs and $9 billion required to build two new aircraft carriers. Streamlining the logistics, administration, and management duplication among the services could save tens of billions annually.

CONSIDERATION OF ROLES AND MISSIONS DURING DELIBERATION ON GOLDWATER-NICHOLS

During our deliberations on the Goldwater-Nichols legislation, former Chairman of the Joint Chiefs of Staff, Gen. David Jones—who with others like Gen. Shy Meyer deserves much credit for initiating the reform process that led to the act—commented that one of the items too hard to solve as Chairman was the problem of roles and missions of the military departments. In order to get the Department to focus on the problem, we included in the Goldwater-Nichols Act a provision that requires that every 3 years, or upon request of the President or the Secretary of Defense, the Chairman of the Joint Chiefs of Staff shall submit to the Secretary a report containing such recommendations for changes in the assignment of functions—or roles and missions—to the Armed Forces as the Chairman considers necessary to achieve maximum effectiveness of the Armed Forces.

On September 28, 1989, the day before his retirement, Adm. William J. Crowe. Jr., then Chairman of the Joint Chiefs of Staff, submitted to the Secretary his "Report on Roles and Functions of the Armed Forces." That report was the first such effort since the famous Key West Agreement in 1948 to address roles and functions.

Mr. President, one of the items Admiral Crowe called for was a sweeping reorganization of the intelligence organizations that support our forces. We are just now starting to see the fruits of that reorganization within the Department. This is a direct result of Admiral Crowe's initiative, but much more needs to be done in this area as well.

DEADLINE FOR NEXT REPORT IS APPROACHING

Mr. President, the triennial deadline for the Chairman's next report is approaching. General Powell has indicated that he is already working on the report. This is a tough job. It is a job no one in the Department wants. Every Chairman of the Joint Chiefs of Staff with whom I have discussed this subject has said it is singularly the most difficult problem he has had to deal with.

General Powell and the service chiefs deserve credit for the steps they have already taken. General Powell pointed out that this past year a major roles and missions issue was addressed when the Department decided to have the Army relinquish any control over nuclear weapons. This was a big change. From the earliest days of the cold war, the Army has had tactical nuclear weapons. And last year, the Department decided that the Army would relinquish the nuclear mission completely.

And as I mentioned earlier, the Department has created Joint Intelligence Centers, eliminating duplication that existed in various component commands. This will prove to be a very important step that will directly benefit our forces in the field in the future.

The Department is also undertaking a sweeping reorganization of peacetime medical care. A lead service will be assigned care in a certain region and be responsible for all medical services to all eligible personnel in that region. This is a very important step and one that could not be possible without strong leadership in the Department.

I would also note that there are examples of increasing joint and cooperative activity within the Department. The Navy and Air Force are jointly developing new types of air-to-air and air-to-ground munitions. The Joint Requirements Oversight Council process is working to foster collaboration among the services in developing new weapon systems.

Mr. President, it is clear that the Department is beginning to work to streamline operations and to consolidate programs. But there is much more that needs to be done. The actions to date are noteworthy, but not all that far reaching in terms of major roles and missions. Progress on these larger issues will require outside pressure and determined oversight by the Congress, by the President and by the Secretary of Defense and increasingly, I believe, by the American public.

THE OPPORTUNITY AND NECESSITY FOR CHANGE

Mr. President, we find ourselves at a unique point in history. We are leaving a security era that demanded large numbers of U.S. combat forces stationed overseas or operating in forward locations at high states of combat readiness in order to confront a large and numerically superior opponent. That era has ended. We are entering a security era that permits a shift in our overall strategy toward smaller force levels, with smaller overseas deployments and lower operating tempos. The exact size and organization of this future force is still taking shape. It will be a smaller force than we have today, but with certain units that are immediately available for action in a crisis, supplemented by larger reinforcing forces that can be quickly mobilized and made proficient for combat within weeks or months. We will need much more flexible weapon systems and combat organizations that can be rapidly tailored for emergencies. We will need an adaptive command structure that can quickly configure task forces utilizing the capabilities and strengths of the various service units.

At the same time our country is facing an unprecedented fiscal crisis, largely of our own making. We are drowning in a sea of red ink. We are racking up an unprecedented national debt, fueled annually by massive deficits. We must find a comprehensive solution to this problem. And certainly one element of the solution is continued prudent reductions in the defense budget.

These two factors—the reduction in the threat and the budget deficit crisis—represent the opportunity as well as the necessity of change. Now, as never before, we must address the issue of roles and missions in the Department of Defense.

The Goldwater-Nichols Act specified that the Chairman should consider three items as he reviewed roles and functions:

Changes in the nature to the threats faced by the United States;

Changes in technology that can be applied effectively to warfare; and

Unnecessary duplication of effort among the Armed Forces.

Mr. President, during the past 3 years, I believe we have witnessed revolutionary developments that apply in each of these areas. The long-standing security threat that faced our country—the Soviet Union and the Warsaw Pact—collapsed and disintegrated. Operation Desert Storm witnessed the application in warfare of technology that has the most far-reaching implications—stealth technology, cruise missiles, precision-guided weaponry, advanced simulation and mission rehearsal, tactical ballistic missile intercepts, integration of space systems into combat operations, and so forth. While many of these new technologies had been available for some time, their application in warfare opened up new insights into how best to integrate combined forces. It also exposed continuing weaknesses in the interoperability of our forces.

And also in this same 3-year period, the Department has announced and is currently undertaking a far-reaching build-down of our military forces—closing hundreds of installations, deactivating a third of the Army's divisions, one-quarter of the Air Force's tactical fighter wings, 20 percent of the Navy's ships, and removing from deployed status nearly 70 percent of our strategic nuclear warheads. If ever there were a time for and a need for a systematic review of roles and missions, it is now.

Some time back, I was discussing this issue with Admiral Crowe. He said something I considered very important which I believe needs to be part of the public record. He said that at every point in our history as a country, when we have faced the end of a period of military crisis and the start of an era of relative peace, we deal with our defense policy in a two-step process. The first step is to cut the defense budget. And when we do that we usually get a smaller version of what we currently have. The second step is to shape a new force in light of the changed circumstances. Admiral Crowe said, that we have always tended to do the first step and failed to follow through with the second. That is why, he said, generals and admirals are usually prepared to fight the last war. It is not their fault, Admiral Crowe said, because the Defense Department only gives them a smaller version of what they had in the last war.

The services are currently in the middle of their build-down plans, and I think they are doing a good job. Some of the services are doing a better job than others. The Air Force, for example, has launched sweeping changes to its management and administrative structure. The other services are far behind the Air Force in this regard, but by and large they are doing a good job within their programs downsizing to a more realistic level. But there are virtually no major changes that cross service lines. For all practical purposes, each service is designing its own smaller future.

NEED TO RESHAPE, RECONFIGURE, AND MODERNIZE

Mr. President, we must break this historical American pattern of defense reductions. We should not go into the future with just a smaller version of our cold war force. We must prepare for a future with a fresh look at the roles and missions that characterized the past 40 years. We must reshape, reconfigure, and modernize our overall forces—not just make them smaller. We must find the best way to provide a fighting force in the future that is not bound by the constraints of the roles and missions outlined in 1948.

FRAMEWORK FOR REFORM

I do not pretend to have concrete, definitive answers to the roles and missions challenge. Certainly, there are many potential ways to streamline our operations. The framework I am going to outline is not prescriptive. It does not prescribe concrete solutions, but I hope my remarks will stimulate a constructive debate. There are 10 broad areas where there appears to be substantial duplication and potential opportunity for streamlining. Those areas are:

Projection of air power;

Contingency or expeditionary ground forces;

Theater air defenses;

Space operations;

Helicopter forces;

Intelligence;

Functional organizations and activities;

Logistics and support activities;

Administrative and management headquarters; and

Guard and reserve component forces.

This list is neither exclusive nor exhaustive. There may be other, better opportunities for consolidation, realignment or further study and analysis. Some of these 10 might not turn out to be fruitful. But I am convinced it is time for General Powell to conduct a no-holds-barred, everything-on-the-table review of the current assignments of roles and missions among the military services. Here is where I would suggest they start.

PROJECTION OF AIR POWER

The first area of potential streamlining is projection of air power. Operations Desert Shield/Desert Storm provided compelling evidence of the critical role that air power plays on the modern battlefield. Tactical aircraft were among the first forces in theater to deter further advances by Iraq, provided an ongoing air defense screen over Saudi Arabia while the reinforcement proceeded, and conducted an extremely successful interdiction campaign once the war started.

But we spend tens of billions of dollars every year operating tactical aircraft squadrons in each of the four services. The services now have over 350 billion dollars' worth of new combat aircraft on the drawing boards, with only limited efforts to achieve commonality. We must find ways to save billions of dollars with streamlining and eliminating the duplication in this area.

LAND-BASED VERSUS SEA-BASED POWER PROJECTION

We have two modes of air power—land based aviation and sea-based aviation. Land-based aviation provides the mass needed for modern air combat. Sea-based aviation provides presence in areas where land basing is not possible or until it becomes possible. Both are unique capabilities and assets we require. From my point of view, the issue is not whether we have one or the other. The issue instead is choice on the margin: As we invest scarce resources in coming years, what is the most cost-effective mix of forces?

As I review the service plans and programs, I note several items that cannot be considered apart from a careful assessment of roles and missions. For example, this year's budget request contains an $800 million downpayment on a $4.8 billion aircraft carrier, and $165 million to start the development of a $60 to $80 billion new stealthy medium-range bomber to fly off aircraft carriers, the so-called AX airplane. At the same time the Air Force is proposing to start a $5 billion upgrade to the B–1 bomber.

This raises several important questions. What is the most cost-effective way to provide air interdiction in the future—with long-range bombers from the United Sates or with large numbers of aircraft carriers with medium-range bombers on their decks? What is the tradeoff between upgrading the B–1 bomber fleet and operating another aircraft carrier? What can a new AX bomber from an aircraft carrier do that our existing long-range bombers from land bases cannot do? Could Navy aircraft carriers utilize shorter range bombers—like F–18's—and let the Air Force provide the long-range bombing capability? Is the AX so important to the Navy that it will accept fewer aircraft carriers or give up the F–18E/F to get it?

The fundamental question is not what is best for the Navy or the Air Force. The question is what is best for America?

I am not saying we do not need aircraft carriers or do not need long-range bombers. But I do believe that as we look to a future of shrinking budgets and changing requirements, we need to make some clear-eyed decisions about the most cost-effective mix of these forces.

DUPLICATIVE MULTIROLE FIGHTER CAPABILITY

These are other areas of duplication in air power. The Navy operates F–18 aircraft as multirole fighters and the Air Force operates F–16 aircraft as multirole fighters. The Navy wants to buy a new version of the F–18 that will cost nearly $5 billion to develop and $55 to $75 billion to procure. The Air Force wants to develop a new multirole fighter in the future to replace its current F–16 fleet. That airplane will cost tens of billions of dollars as well. During the 1960's and 1970's, the Navy, the Air Force, and the Marine Corps all operated one fighter—the F–4, which was an extremely successful aircraft.

This raises several key questions: Can the services cooperate and develop a common multirole fighter? Could the Air Force use the Navy's F–18 as its multirole fighter?

The fundamental question is not which airplane is best for the Navy or for the Air Force or the Marine Corps. The question is what is best for America?

The Air Force operates some 26 equivalent wings of fighter aircraft. The Navy operates 13 wings and the Marine Corps operates 4 wings. Each wing costs hundreds of millions to operate and train annually, and billions to outfit. Obviously, each of the services would like to keep all their own wings of aircraft. But we must ask some specific questions. Do we need separate and parallel fleets of multirole fighters in the first place? How many squadrons do we need and how many should be in the Navy, in the Marine Corps, and in the Air Force? Should each of the services have a complete cross section of types of aircraft or could the services specialize?

The fundamental question is not what is best for the Navy or the Air Force or the Marine Corps. The fundamental question is what is best for America?

DUPLICATION BETWEEN MARINE CORPS AND NAVY

The Marine Corps will invariably enter combat in one of two conditions: Either underneath a general Navy air defense umbrella—as was the case in Lebanon—or as part of a combined arms operation—as was the case in Desert Storm—where the Air Force and Navy jointly provide for theater air defenses. In either situation, the Marine Corps could count on the Navy or the Air Force units to provide for deep interdiction and fighter air defense. The Marine Corps also utilizes aircraft as artillery, but is there a reason why a Navy or Air Force fighter could not provide this capability?

Both the Navy and the Marine Corps operate F–18 aircraft and have separate and parallel attack squadrons. I understand that the Navy and the Marine Corps may be planning some bold actions in this area by combining Navy and Marine Corps squadrons. The Navy and Marine Corps deserve high marks for taking the lead here. But can we go further? Could the Marine Corps, for instance, specialize in vertical flight—helicopters and AV–8B's—and the Navy specialize in fixed-wing fighter support? Could Navy helicopters be transferred to the Marine Corps while Marine Corps fixed-wing fighters are transferred to the Navy? Tough questions, Mr. President, but questions that must be asked.

The fundamental question is not what is best for the Marine Corps or the Navy. The question is what is best for America?

PARALLEL ELECTRONIC JAMMER AIRCRAFT FLEETS

In another example, both the Navy and the Air Force operate standoff jammer aircraft to protect tactical fighters. The Navy's aircraft is the EA–6B, widely considered the best in the world. The Air Force jammer is the EF–111. The Navy has done a better job than has the Air Force of modernizing its jammer fleet. But ironically, even though the Navy has a better overall modernization program, budget pressure within Navy aviation is forcing them to stretch out the EA–6B program, and there have even been indications the program might even be canceled. In other words, both services are trying to maintain fleets of stand-off jammers, but budget pressure is seriously limiting their modernization programs. Could the standoff jamming mission be assigned to one service so that we have one healthy modernization program for everyone rather than two weak, struggling programs?

The fundamental question is not what is best for the Air Force or the Navy. The question is what is best for America?

CONTINGENCY OR EXPEDITIONARY GROUND FORCES

DUPLICATIVE INFANTRY DIVISIONS

The second major area of potential streamlining concerns contingency or expeditionary ground forces in the Army and Marine Corps. Both the Marine Corps and the Army operate light infantry divisions, although they specialize in different combat concepts and skills. Marine Corps infantry utilize amphibious assault while Army infantry units emphasize parachute assault, helicopter assault, and traditional dismounted infantry tactics. In my view, we need to retain these complementary skills.

Nonetheless, the Army has five infantry divisions in its contingency corps and the Marine Corps has three divisions. Each division costs nearly $2 billion annually in personnel and operating costs.

Obviously, both the Army and the Marine Corps will say their respective capabilities are unique. But do we need eight divisions of contingency or expeditionary forces?

The future year defense program contains over $7 billion to buy fast sealift ships largely to transport Army divisions, amphibious ships to transport Marine Corps brigades, and prepositioning ships to store the equipment and supplies of Marine Corps and Army units. The key question is: What is the right mix among fast sealift ships, prepositioned ships, and amphibious shipping to deploy, equip, supply, and sustain contingency and expeditionary forces?

The fundamental question is not what is best for the Army or the Marine Corps. The question is: What is best for America?

ARMY PROVIDED TANK AND MLRS BATTALIONS FOR MARINE CORPS

During Operation Desert Storm, the Army provided tank battalions and rocket artillery support to the Marine Corps. The Marine Corps has only four tank battalions, and two of those battalions have only eight tanks each. By contrast, the Army has over 35 tank battalions, each with 54 tanks. The Marine Corps would also like to buy 42 multiple-launch rocket system [MLRS] launchers, even though the Army has over 500 and provided MLRS support during Desert Storm.

Obviously the Marine Corps would like to have its own tank and MLRS battalions. But we must ask the following key questions. Can the Army provide armor and artillery support for the Marine Corps? Can Army tank and MLRS battalions train and deploy with Marine Corps expeditionary forces, freeing the Marine Corps to invest in unique capabilities that they can provide for other services?

The fundamental question is not what is best for the Marine Corps or the Army. The question is: What is best for America?

THEATER AIR DEFENSES

The third area we need to examine as we review roles and missions is theater air defenses. Air defenses have always been a divided mission. The Army operates ground-based missile systems to use against enemy aircraft while the Air Force has fighters to shoot down enemy aircraft. This distinction reflects the historical agreements reached between the Air Force and the Army back in 1948. It may also have been a plausible division of labor when we confronted a massive Soviet threat in Europe. But Desert Storm demonstrated the power of modern tactical air power. Except for Patriot missiles

against Scuds, the Army didn't shoot a single air defense missile at an enemy aircraft during the war.

Certainly we cannot say that every conflict in the future will follow a pattern set during Operation Desert Storm. But the overwhelming power of our tactical aircraft does suggest we ought to fundamentally reassess air defense. The Army would like to launch a new air defense missile system, and the budget request contains over $100 million for upgrades to current systems. The Air Force is proposing to spend $14 billion to develop and $55 to $70 billion to procure a new air superiority fighter.

Clearly we need to ask the following questions. Are new air defense missile systems needed given the success of and overwhelming superiority of our tactical fighter operations? Can the entire theater air defense mission be assigned to the Air Force?

The fundamental question is not what is best for the Army or for the Air Force. The question is, What is best for America?

SPACE OPERATIONS

The fourth area of potential streamlining is space operations. While the Air Force has a dominant role in space operations, it is by no means an exclusive role. The Navy operates its own fleet of satellites. The military services have parallel and potentially redundant systems on the ground for monitoring and controlling satellites and duplicative design laboratories.

If you asked the Navy they would want to keep their own labs and facilities. If you asked the Army they would want to continue to operate their own facilities and ground stations. If you ask the Air Force they would want to keep their own systems and labs. The key question is obvious: Can one of the services be assigned the space operations mission on behalf of all of the Defense Department?

The fundamental question is not what is best for the Army or Navy or Air Force. The question is what is best for America?

HELICOPTER FORCES

A fifth area for potential consolidation concerns helicopter forces. Five years ago the Air Force and Army Chiefs of Staff entered into an agreement to streamline roles and missions. One of their recommendations involved transferring all helicopter operations from the Air Force to the Army. That proposed transfer was sidetracked because of opposition from the Air Force helicopter community. The Air Force continues to operate several hundred helicopters, even though the Army operates over 5,000 helicopters. Were the chiefs of staff of the Air Force and Army right 5 years ago when they first proposed this move? Now that we are facing sharp reductions in budget authority, should we not take a look at this issue again.

Again, the fundamental question is not what is best for the Army or the Air Force. The question is what is best for America?

INTELLIGENCE

As I noted earlier, the Department has made great progress in streamlining its intelligence operations in support of our unified commanders. One of the recommendations that has been implemented by General Powell has been the creation of joint intelligence centers. This reform transferred intelligence capabilities from the component headquarters—Army intelligence analysts, for example—and brought them under the direct control of the unified commanders. This had a tremendous impact on streamlining the intelligence process in Desert Storm.

Nevertheless, there are a substantial number of intelligence units and organizations throughout the services. These organizations conduct intelligence activities and provide analysis that mirrors many of the activities performed at the joint intelligence centers and at the Defense Intelligence Agency. Can we eliminate needless duplication of effort by defining better the activities that should be performed at the joint level and those that need to be performed at the service level?

In this area again the fundamental question is not what is best for the individual services. The question is what is best for America?

FUNCTIONAL ORGANIZATIONS AND ACTIVITIES

So often the roles and missions debate focuses only on the fighting elements of the services—the tooth—and not on the support side, the so-called tail. The seventh area concerns functional organizations and activities.

PILOT TRAINING

One good example is the area of pilot training. All of the military departments operate aircraft of all variety, and each of them has their own training program and schools for pilots. While each of the services needs to have service-specific training programs for advance pilot training—carrier landings, for example—every prospective pilot has to go through preliminary stages of training called undergraduate pilot training [UPT]. Undergraduate pilot training trains basic piloting skills, determines motor coordination skills, and teaches basic principles of navigation. As evidence that this is a common requirement, the Air Force and the Navy are jointly working to develop the next generation undergraduate pilot trainer aircraft.

The obvious question is if the service can develop a common airplane to train future pilots, can they cooperate and provide on behalf of the total department and consolidate their undergraduate flight training program?

The fundamental question is not what is best for the Navy or Marine Corps or Air Force. The question is what is best for America?

HELICOPTER TRAINING

Similarly, both the Army and the Navy operate major helicopter training centers. While there is some justification for separate training activities for more advanced training techniques—such as helicopter landings at sea, nighttime assaults, and so forth—is there any reason for separate facilities for basic helicopter flight training? The Defense Department proposed to do this over 10 years ago and Congress blocked it. But the question again needs to be raised. Could basic helicopter flight training be assigned to one of the services?

The fundamental question is not what is best for the individual services. And I would say to my colleagues, as hard as it is for us, the issue is not what is best for our individual States or districts. The question is what is best for America?

AERIAL REFUELING

There are two kinds of air refueling aircraft—fast flying tankers [KC–10's and KC–135's] used to refuel jet aircraft and slow flying [KC–130's] tankers used to refuel helicopters. The Air Force operates all fast flying tankers on behalf of all the services, but the Air Force, Marine Corps, and Special Operations Forces operate KC–130's. Obviously each service will argue they need their own tankers, but is that best for the Department as a whole? Could one of the services become the operator of all KC–130's for all DOD operations, the same way the Air Force operates jet-powered tankers?

The fundamental question is not what is best for the individual services. The question is what is best for America?

ELECTRONIC SURVEILLANCE

Both the Navy and the Air Force operate duplicative long-range electronic surveillance aircraft. The Air Force operates the RC–135's and the Navy the EP–3's. Neither aircraft has a very good modernization program because the services tend to emphasize combat rather than combat support missions. The obvious key question is this: Rather than let the Air Force pursue its program and the Navy pursue its preferred alternative, could the Department determine which technical approach is superior, assign the mission to one service, and consolidate all Department funding behind the combined approach?

The fundamental question again is not what is best for the individual services. The question is what is best for America?

CONSOLIDATE MEDICAL CORPS, CHAPLAINS CORPS, AND LEGAL DEPARTMENTS

Each of the services has its own Medical Corps, Chaplain Corps, legal corps, and so forth. I am certain that each of the services would have valid arguments why it must have its own doctors, nurses, chaplains, and lawyers. I do not doubt that we need these profes-

sionals in each of the services. But one has to ask the larger question. Can we eliminate needless overhead by consolidating the administrative elements of the Medical Corps, the Chaplains Corps, the Nursing Corps, the Judge Advocate General Corps, and other such administrative service organizations?

The fundamental question is not what is best for the individual services. The question is what is best for America?

LOGISTICS AND SUPPORT ACTIVITIES

The eighth area of potential streamlining is in the area of logistics and support activities. Each of the military departments operates its own industrial facilities or depots. Each of the services operates its own test and evaluation organizations and testing ranges.

I should point out that this is one area where the Department has started to act under the Defense Management Review. There are some important steps toward streamlining underway. For example, the Department is in the process of consolidating the finance and accounting centers of the services. But far more can be and needs to be done. This is a prime area where competition among the depots would enormously improve efficiency. Competition should not be limited to depots within a service, but should be opened up across service lines and between the private and public sectors. This should be a two-way competition. The depots should be able to compete for work traditionally done by contractors and contractors compete for work traditionally done by depots. The services are starting to do that, and should be congratulated for undertaking this.

The fundamental question is not what is best for the individual services. The question is what is best for America?

ADMINISTRATIVE AND MANAGEMENT HEADQUARTERS

Over the years the services have developed management and administrative headquarters to manage a substantially larger force than we have today or will have in the future. With the ongoing reductions in the force, the strengthening of the unified commanders, and the emphasis on joint and combined operations, there is a pressing need to examine consolidations in administrative headquarters and functions.

The Air Force has done a good job, in my view, of attempting to streamline its internal administrative structure. The Navy and the Army have been reluctant to make sweeping administrative changes. But there is an even more important issue. Perhaps functions currently carried out by the services should be performed by unified command headquarters. I would suggest the services examine the following opportunities for streamlining.

NAVY "TYPE" COMMANDS

The Navy continues to have fleet commanders for its Atlantic and Pacific Fleet commands. For example, the Commander of the Atlantic Fleet commands all the ships in the Atlantic. But the Navy also has a commander of all the submarines in the Atlantic, and a commander of all the surface ships in the Atlantic and a commander of all the aircraft. Each of these commanders has his own headquarters and large staffs. And each of these areas has their own dedicated staffs and so-called stove pipe organizations in the Navy headquarters. In an era of combined arms, do these traditional Navy communities need their own command structure in the field and their own headquarters bureaucracies in the Pentagon?

ARMY BRANCHES

Similarly, the Army is administratively organized into various branches. Some branches are warfighting branches, such as armor, infantry, and artillery. Other branches are administrative branches, such as transportation and finance. With today's integrated ground operations, does the Army continue to need so many separate branches with separate branch headquarters? The Army has three separate branches that do largely administrative work—the Quartermaster, Adjutant General, Finance branches. Could they be combined into a consolidated administrative branch? Does the Army staff continue to need 52 field operating agencies? The Army has an administrative layer of continental Army headquarters, administrative headquarters responsible for mobilizing reservists and civilians in the event of war. Are these continental Army headquarters still needed?

UNIFIED COMBATANT COMMAND HEADQUARTERS

Why are certain functions performed by separate service component headquarters not performed instead at unified combatant command headquarters? The Department has reorganized the Defense intelligence community in a way that led to a major reassignment of requirements and assets away from the service components and to the unified commands. Why cannot a similar reassignment take place with respect to elements of the operations, plans, training, and logistics functions?

The fundamental question is not what is best for the individual services. The question is what is best for America?

NATIONAL GUARD AND RESERVE COMPONENT FORCES

Mr. President, the last area I would review today concerns the National Guard and Reserve component forces. For several years the Congress has been asking the Defense Department to undertake a careful and objective review of our Reserve component forces. Frankly, what we have is a mixed picture. The Air Force has the best record of the services in working closely with their Reserve component counterparts.

As a matter of principal, I believe we are entering a period where we can place a greater share of the burden on Reserve forces. Reserve component forces provide the best approach for preserving needed capabilities at lower cost. At the same time, however, I believe we must undertake a thorough review of the missions we assign to our Reserve component forces. Guard forces are unique in that they have both a national security and a domestic mission. At a time when our domestic needs are so great, how can we structure our Reserve Forces to meet both their national defense and State missions? Should we have so many of our Reserve units in large combat organizations, or should we move toward smaller units, smaller combat units that can be made more ready in a more expeditious way and in a shorter time frame? What assignments and equipment should we provide to Reserve component forces so that they are available to the Governors of the States to contribute more effectively to help address critical needs in America?

Again, the question is not what is best for the National Guard or the Reserve components or the Active Forces. The question is, What is best for America?

CONCLUSION

Mr. President, as I said earlier, I do not underestimate the difficulty of the task before us. There is no harder problem facing our military. But we find ourselves in the midst of an historic time and opportunity. At no other time in the past 40 years have we had the three primary forces for change come together—the change in our security requirements, the change in technological opportunities, and the change in budget imperatives.

In coming weeks the Committee on Armed Services will markup the Defense authorization bill for fiscal year 1993. I hope that we can initiate a process to help stimulate the kind of far-reaching review that our times demand. As I mentioned earlier, my intention is to stimulate and facilitate General Powell's and the Department's efforts in this difficult task. It is far better for the Department to accomplish this review. Failing to deal with these issues means our military capability will be diminished by needless duplication and inefficiencies.

I do not have any illusions that the categories I have discussed are exhaustive. I solicit and welcome ideas and debate to help produce the constructive and bipartisan reform that was the hallmark of Goldwater-Nichols.

I yield the floor.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER (Mr. LAUTENBERG). The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, I wish to commend my good friend and working partner on the Armed Services Committee.

The roles and missions issue is one we have discussed many times in the decade-plus in which I have been privileged to work with him and other members of our committee, and we have discussed this opening salvo this morning which is not fired in threat nor anger but simply fired to alert all of our desire, Senator NUNN, myself, and others to work on this important question.

I always start my set of remarks on this issue by going to the Constitution of the United States which in the preamble very clearly charges the Congress of the United States to provide for the common defense of our Nation. Article I, section 8, gives this body, together with the House—not the President, but this body together with the House—the power and authority to raise the funds necessary to maintain a Navy, and raise an Army.

I go next to what I consider as the critical framework within which any defense must be structured. That is influenced by two things. First, the threat, the threat against our security interests and those of our allies, and second, the inherent geography of our Nation. We are bordered to the north by friendly Canada, and to the south by Central and South America. But in essence we are an island Nation forever bounded by great oceans. So it is the combination of threat and geography that fashion our defense.

A third factor must be considered, and that is the economy of this country and the ability of our people to pay. Our national defense can be no stronger than the foundation on which it rests, and that foundation is first and foremost the economy, and the viability of the American people. That foundation is now beginning to crack and crumble in many areas.

This Nation and the taxpayers have borne the major burden of the defense of the world in the closing days of World War II, and now we must address their needs.

Before my distinguished chairman departs, I would like to pose a question to him, which I am sure many who will follow his remarks this morning and mine will want to know the timeframe in which he and I hope to achieve, together with our committee, our ideas on this issue.

It is my understanding that the Department of Defense requires, the Chairman of the Joint Chiefs to provide the Secretary of Defense this fall—on a 3-year cycle—the Chairman of the Joint Chiefs' recommendation, that that goes to the Secretary of Defense and not to the Congress. Therefore, it seems to me that we are launching today a task that will probably take us the better part of this year and into next year, and the major impact legislatively will come with our next bill which we will work on following the receipt of the President's message in February of 1993. Am I correct?

Mr. NUNN. I agree with that. I commend my colleague from Virginia for his leadership in the Department of Defense, as Secretary of Navy and for his high, outstanding leadership in the Congress in this very area.

As I recall the Goldwater-Nichols provision that requires that annual review was very much the working of the Senator from Virginia. The report I am alluding to, General Powell's report, that will be forthcoming in September was required by the Goldwater-Nichols legislation.

I do not have any exact prescriptions in mind. I have worked with my colleague from Virginia on many of these issues. I see this as a major multiyear effort. I do not think it will be done this year, or even next year. In all probability, it will take anywhere from 2 to 5 years.

I think the time to start asking questions is now. Depending on General Powell's recommendations, I think we will have to decide how best to proceed. Should we do it here in the Congress? Should we form our own task force? Should we form some kind of commission? Should we undertake a series of hearings?—I think all of these alternatives are possibilities, and I look forward to working with my friend from Virginia as we consider them.

I think this year we should especially take a look at major new programs, programs that are in the very beginning stages of development or procurement. We must ask ourselves if these programs could be effected by the outcome of a review of role and missions. If they could be affected, we must carefully evaluate the request this year. I do not think it is time to say that they are not needed at all. I think it is time to take a careful look at the budget request, the development timetable, the amount of money being requested, and determine how far we become committed to those programs. In other words, I believe we must proceed cautiously here, understanding the challenges and fundamental changes that lie ahead. We will probably consider some changes over the next 2 or 3 weeks.

Mr. WARNER. Mr. President, as the Senator from Virginia well knows, having given the better part of his career in the Senate to this subject, one thing that the Pentagon likes to have is certainty so they can plan, not only in terms of the structure and the sizing of the Armed Forces, but for the procurement associated with equipping those Armed Forces to meet the threat. It seems to me that the major part of the organizational changes which the Congress would like to see hopefully could come next year so that they can begin to restructure and then plan for the future with this revised structure.

I would not want to have this sword of Damocles hanging over its head for an indefinite period of time. Having had experience in the Pentagon myself, I know the roles and missions issue can become most divisive and destabilizing to the daily work of the men and women of the Armed Forces. Therefore, it seems to me incumbent upon us to decide what should be done hopefully within 12-month period, working with the President, and the Secretary, and the Chairman, to restructure our Armed Forces; and then go on for another period of 3 or 4 years without any major changes.

Also, since it takes a ship or an aircraft 10 years from the planning stage until delivery to the fleets and ground forces, I urge that we try to condense the timeframe as best we can.

Mr. NUNN. I say to my friend, he makes valid points. I hope that would be possible. It depends on the leadership we get from the Department of Defense, and if General Powell's report appears to the committee, to the Congress, and to the American people to be thorough, if it addresses these questions. And I do not pretend he should follow the implication of every one of my questions. There will be some of these areas that I am sure there will be convincing proof that the current arrangement is adequate. Fundamental changes will be suggested in other areas. Much depends on that report. The Constitution gives us the duties as described by the Senator from Virginia. But we must base our actions on analysis that has come from the Department of Defense itself. I say that the timeframe for action on our part depends on the leadership we get from the Chairman of the Joint Chiefs, the Joint Chiefs themselves, the Secretary of Defense, and the next President. All of these individuals will be key players.

Mr. WARNER. I thank the distinguished chairman, and I will conclude with a few brief remarks.

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

Mr. WARNER. Mr. President, I ask unanimous consent that I may speak for another 3 to 4 minutes.

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

Mr. WARNER. Mr. President, I conclude by again addressing the need for the revision of the roles and mission in comparison to what our mission has been in the world. We have clearly been the strongest military power since World War II. And it has been that strength, together with the strength of our allies, which has been the deciding factor in rolling back the threat of Communism, containing that threat in such a manner that there has been a minimum of bloodshed, as compared to the world wars when ideologies have clashed in the past. It is that strength, it is peace through strength, that doc-

trine which has been pursued by consecutive Presidents, that has enabled us to now see the disappearance of communism and the spread of democracy.

We have been the world leader, militarily, and now the question is: Shall we continue in this role? It is my judgment that we will continue as a leader, but let us not become the world's policeman. There is a distinction between being a leader and being a policeman. We see it today in Yugoslavia. The President, working with the United Nations, brought about sanctions, and now there is the offer for participating with U.N. forces to bring about peace in that area. We did not go in with a heavy unilateral solution. We worked with the international community. If we are to continue a leadership role, that can only be achieved by maintaining credible armed forces that can, in the eyes of the world, continue as a deterrent against conflict, as it has through these many years.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington has 10 minutes per the order.

Mr. GORTON. I thank the Chair.

MINOR CROP PROTECTION ACT OF 1992

Mr. GORTON. Mr. President, during the last few years there has been a great deal of discussion and publicity about reducing the use of agricultural chemicals. This movement is rooted in the misconception that all agricultural chemicals are detrimental to our health and have harmful effects on the environment. The unfounded allegations leveled at apple growers and their use of alar in 1989 illustrates this movement. Alar, a chemical important to apple production, was unnecessarily lost to producers. In this case, as in so many others, emotion rather than science determined policy and farmers lost an important production tool.

Since the enactment of a series of amendments to the Federal Insecticide, Fungicide and Rodenticide Act in 1988, farmers have been losing safe, vital chemicals for another reason: economics.

The 1988 FIFRA amendments required the Environmental Protection Agency to initiate a process to update the registrations of pesticides that had been registered before November 1, 1984. For a chemical to remain on the market, a manufacturer had to resubmit new data, often supplemented by additional testing, by 1997.

This requirement sounded reasonable until one considered the costs of performing the test needed to collect the required data. Developing and registering pesticides for crop protection is expensive. A comprehensive study that includes such information as the safety of the product, its potential effect on consumers and workers health, as well as its impact on the environment, can cost millions of dollars. The cost of residue data alone for a crop can run into the hundreds of thousands of dollars.

When the cost of developing this new data is measured against the potential profits from the sale of a product, some manufacturers have decided voluntarily to cancel a pesticide registration rather than seek renewal. And the farmer loses another vital production tool.

While all of agriculture is impacted by the FIFRA 1988 amendments, those producers who are hardest hit are minor crop farmers whose markets for pesticides are limited. Minor crops are fruits, vegetables, and other crops which are produced on less than 300,000 acres each year. Though these crops account for approximately 2 percent of all the acreage planted each year in this country, their collective value surpasses $35 billion. Five billion dollars' worth of minor crops are exported each year.

As important to our Nation's economy as minor crop are, they are an equally significant part of our diets. In a chart recently released by the Department of Agriculture that detailed the important food groups, fruits and vegetables—minor crops—were listed at the top. They are a major and vital part of a healthy, balanced diet.

Finally, many of the chemicals being lost have environmental benefits. Often overlooked is the fact that minor crop pesticides are critical components of many integrated pest management [IPM] systems. These programs control agricultural pests in an environmentally prudent manner. For example, phosphamidon, an insecticide used on apples, was used for the control of aphids. In addition, though, it provided the collateral benefit of controlling apple rust mite because it was not toxic to the apple rust mite's primary predator, predaceous mites. No suitable alternative to phosphamidon exists for controlling aphids and mites, and, therefore, several chemicals must be used simultaneously to render the same effect.

To ensure the continued availability of crop protection chemicals for minor use crops, the Minor Crop Farmer Coalition was organized in 1991. The coalition's efforts led to the development of the Minor Crop Protection Act of 1992, which Senators INOUYE and LUGAR are introducing today. I strongly support this legislation.

This proposal is designed to provide a number of options to the Environmental Protection Agency for registering existing pesticides and promoting new minor use registrations. The bill includes provisions for:

Waiving certain data requirements if the pesticide's use does not present an unreasonable risk to human health or the environment;

Granting extensions for developing data in certain cases;

Requiring the expedited review of applications for registration for minor uses; and

Using data from an identical or substantially similar pesticide whose registration has been allowed to lapse for economic reasons.

These mechanisms would not be permitted if the EPA determined that the pesticide in question posed an unreasonable adverse risk to human health or the environment, or where the missing data were considered essential for making such a determination.

This legislation establishes a reasonable process for reregistering minor crop pesticides that safeguards the environment and peoples' health but does not remove essential and safe pesticides from the market. It is an important first step, but more can be done. For example, increased funding for IR-4 would greatly complement this legislation.

Mr. President, like many occupations, farming looks easy until you try it. Far more goes into agricultural production than simply planting and harvesting. There are many intangibles with which a farmer must deal, weather being foremost. To the extent possible, and while continuing to guarantee the safety of the consumer and the health of the environment, Government should make farming easier. This bill does that and ensures that the environment, the consumer, and the farmer benefit. I commend Senators LUGAR and INOUYE and the Minor Crop Farmer Alliance for developing this legislation and encourage my colleagues to grant it their support.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the Senator from Ohio be recognized for a period not to exceed 15 minutes.

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

SOUTH AFRICAN TRAGEDY

Mr. METZENBAUM. Mr. President, the past 2 weeks have been weeks of tragedy for the people of South Africa. In a single early morning incident, 46 people died at the hands of machete-wielding thugs. The victims were not even awake when several hundred Zula loyalists rampaged through a sleeping squatter camp. Many of the dead were women and children. All of them were defenseless civilians. All of them were unlucky to have been caught in the wrong place at the wrong time.

It was one of the worst incidents of factional fighting since the state of emergency was lifted in March 1990. In the 26 months since then, some 7,000 people have died.

Mr. President, this terror punctuated a virtually nonstop wave of death.

But it was more than 46 individuals that died.

In a sense, hope also died.

Hope for steady progress; toward a nonracial government;

Hope for an end to the black township violence; and

Hope for economic opportunity for South Africa's impoverished black majority.

Mr. President, at one time, there was great hope for reform in South Africa. The hope was kindled in September 1989, when F.W. de Klerk assumed the Presidency. De Klerk moved aggressively to distance his Government from the hard-line, racist policies of prior regimes:

ANC leader and generation-long political prisoner Nelson Mandela was freed;

The ban on the ANC and other opposition parties was lifted;

Many, but not all, political prisoners were released from jail;

Much of the legal framework of apartheid was dismantled; and

Negotiations were begun on a new, nonracial government for South Africa.

Indeed, de Klerk has spoken words that we never expected to hear from a "state President" of South Africa. And a majority of South Africans themselves have said that they stand behind de Klerk's plans for reform. White South Africans endorsed de Klerk's moves by a 2-to-1 margin in a March 17, 1992, referendum.

But that hope must now be replaced with fear, with suspicion, and with doubt.

Mr. President, it is increasingly apparent that the South African Government, the bureaucracy, the entrenched operatives of apartheid and oppression may not be reading from the same script as President de Klerk.

There is evidence that supporters of South African reform around the world, and the majority of South African voters, have much to question in the actions of South African officials.

Questions need to be asked about the Government's role in black township violence. Several years ago, ANC leader Nelson Mandela discreetly referred to a Third Force, a secret hand, manipulating events in the townships.

Mr. President, it is an open secret that the Third Force of which Mandela spoke is the South African military and police, acting through the so-called Inkatha Freedom Party.

Inkatha is the party of the Zulu nation—a people at odds with other black South Africans.

Inkatha and its leader are reported to have received substantial financial and even military support from the South African Government. Inkatha, which represents a minority of black South Africans, has opposed the African National Congress' reform efforts and its leader, Nelson Mandela. The African National Congress represents the overwhelming majority of black South Africans in talks with the white minority government on political reform.

Mr. President, I believe that more than mere ethnic differences separate the Inkatha Zulus from the ANC. I believe that Zulu Leader Chief Buthelezi thinks that he can get a better deal doing the bidding of white supremacists in the Government than if he had to run for election in a nonracial South African democracy.

This hurts the Zulu people, it hurts the majority of black South Africans, and it will ultimately hurt the white minority most of all.

It is cynical of Government officials to exploit the ANC-Inkatha division.

It goes without saying that Chief Buthelezi's willingness to be exploited in this way is downright criminal.

Mr. President, the Government-Inkatha partnership is nothing new. But this relationship has grown more ominous since the beginning of the de Klerk administration. Township violence has escalated to unheard of levels, and the violence always seems to get worse when the Government-ANC talks are at a stalemate.

Mr. President, Nelson Mandela was circumspect when he proposed the existence of a Third Force.

In a June 10, 1992, report, Amnesty International is more direct: The report documents cases in which South African security services and police have funded, armed, and directed Inkatha Zulu fighters against ANC loyalists.

Is this what good faith means to the South African Government?

Is this how the South African Government plans to move toward a nonracial democracy?

The Amnesty International report follows on last year's exposure of a secret hit squad within the South African Defense Forces.

The cryptically named civilian cooperation bureau was reported to have engaged in everything from anti-ANC organizing, to assassination. De Klerk and other top officials disclaimed knowledge of this dirty tricks unit, but its existence poisons the air around de Klerk nonetheless. The Government says that the civilian cooperation bureau is now disbanded, but one wonders if its mission has not been simply shifted to other parts of the Government.

Mr. President, the Amnesty International report is entitled "The State of Fear." It is an apt description of life in South Africa's black townships today. It describes how South African blacks have in effect been terrorized into silence.

Mr. President, how can de Klerk's reforms have any meaning when South Africans are afraid to exercise their newly found, albeit limited, freedom?

What difference does the legalizing of opposition parties make if the opposition fears for its life?

What difference does the freeing of political leaders make if average men and women are regularly hacked to death merely because they identify themselves with a political party?

What difference does the repeal of petty apartheid laws make if black men and women are afraid to leave their neighborhoods, their streets, even their homes? The net effect is that separation of the races—apartheid—remains as rigid as ever.

Mr. President, the Government-sponsored Inkatha violence may be orchestrated from on high, or it may come from recalcitrant racists at a lower level. But the actual source is irrelevant. The mere fact that a link exists between the wave of killing and the Government is all that is relevant: Its importance lies in the fact that the speeches will be meaningless, the negotiations will be meaningless, the very reforms themselves will be meaningless unless and until the fear of violence and murder hanging over a majority of South African blacks is removed.

Mr. President, President Bush lifted economic sanctions on South Africa nearly 1 year ago. In accordance with the Comprehensive Antiapartheid Act of 1986, the President certified that five conditions regarding political liberty and progress toward democracy had been met.

Mr. President, I ask unanimous consent that section 311(a) of this act be printed at this point in the RECORD.

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

"COMPREHENSIVE, ANTI-APARTHEID ACT OF 1986"

TERMINATION OF CERTAIN PROVISIONS

SEC. 311. (a) This title and sections 501(c) and 504(b) shall terminate if the Government of South Africa—

(1) releases all persons persecuted for their political beliefs or detained unduly without trial and Nelson Mandela from prison;

(2) repeals the state of emergency in effect on the date of enactment of this Act and releases all detainees held under such state of emergency;

(3) urbans democratic political parties and permits the free exercise by South Africans of all races of the right to form political parties, express political opinions, and otherwise participate in the political process;

(4) repeals the Group Areas Act and the Population Registration Act and institutes no other measures with the same purposes; and

(5) agrees to enter into good faith negotiations with truly representative members of the black majority without preconditions.

Mr. METZENBAUM. Mr. President, President Bush's action was predicated on a return of political disclosure to South Africa. As the Amnesty International report and numerous press investigations make clear, political disclosure in South Africa is actually beating a hasty retreat.

Where negotiation and dialog were expected, only fear and intimidation have appeared.

Mr. President, waiving sanctions is not the sum total of United States interests in South African reforms. I am concerned that the Bush administration thinks that waiving sanctions is the end of the United States role in eliminating apartheid.

Mr. President, July 10, 1992, will be 1 year since President Bush waived sanctions on South Africa. But with 1 year passed, there is little to show for this dramatic step.

I fear that President de Klerk's reforms, which met the technical, legal requirements of the Anti-Apartheid Act, have yielded nothing in reality.

I fear that United States policy is moving ahead toward full normalization of relations with South Africa, even as the South African Government's commitment to democracy slides backward.

I fear that the men, women, and children living in the squalor of apartheid will think that the United States has abandoned them in a time of crisis.

And I fear that the United States is becoming content to sit on the sidelines while the opportunity for reform in South Africa slips away.

Mr. President, I met with F.W. de Klerk last year.

I felt I was speaking with a man who was serious;

A man who was concerned;

A man who was committed.

I felt his word on reform would be good.

I am not sure that de Klerk's word hasn't been good.

But I am sure that implementation of the announced reforms has not been good at all.

It is not enough for men and women in public life to speak well, to merely say the right things.

Public figures are judged by their actions, or by their failure to act.

In the case of South Africa today, it is clear that the actions of the ruling National Party do not live up to the words of its leader, President de Klerk.

Mr. President, F.W. de Klerk has taken some great strides. His actions gave me and many others hope for South Africa's future.

But I am frank to say that at this point in time, with the information we now have regarding Government-sponsored violence, my hope for South Africa's future is waning, replaced by a persistent, nagging fear.

In addition to other material previously noted, I ask unanimous consent that a copy of Amnesty International's report, "The State of Fear," June 10, 1992, be printed in the RECORD.

The PRESIDING OFFICER. The Senator from Connecticut is recognized. He has the time from 9:30 until 10 a.m. which would be under the control of the majority leader and the Senator from Connecticut as his designee controls that time.

The Senator from Connecticut is recognized.

Mr. LIEBERMAN. I thank the Chair.

NATIONAL ECONOMIC LEADERSHIP STRATEGY

Mr. LIEBERMAN. Mr. President, just as nature abhors a vacuum, so the American economy abhors a vacuum.

For too many years there has been a vacuum of economic leadership in our country, and we are suffering from that vacuum.

Yesterday, the Senate majority leader announced a national economic leadership strategy put forth by Senate Democrats aimed at filling that vacuum in economic leadership in our country and providing a practical, results-oriented program that will create economic growth and high-wage jobs for our people.

Mr. President, the trend lines in our economy are not good. Let me just cite two indicators of those trend lines. More patents are filed here in Washington at the Patent Office today for new products by foreign companies than by American companies. And another fact: if current trends in manufacturing continue, in 1996, for the first time since Henry Ford began that assembly line, America will not be No. 1 in manufacturing output. Japan will succeed us. That is unacceptable.

This Senate Democratic economic leadership strategy is based on the two premises: One is we are not going be a great country or great economy and provide the standard of living we want for our people unless we are making things, unless we are No. 1 in manufacturing.

Second, that is not going to happen unless the Government is a partner with the private sector in taking the steps that are necessary to create economic growth in a high tech, high skilled, competitive world economy.

Mr. President, it is time for the Federal Government to act to turn around those ominous trend lines, to develop the potential that we genuinely have within our people and economy, to stimulate research and development of new technologies and new products, to make sure that Americans not only win the Nobel Prizes but commercialize those Nobel Prize winning ideas and market them successfully around the world.

We have to modernize our manufacturing process, improve work force training and promote trade. There is no way that we can be the world's leading economic power in the high tech future if we have a Government that is unwilling to help lead the way. And, unfortunately, that is exactly the kind of Government that we have had for too many years.

This national economic leadership strategy represents not only a strong program in itself, but I think a strong statement that Senate Democrats accept as our primary responsibility the reinvigoration of our economy and the protection and creation of good jobs for our people. This is a strategy that puts Government alongside the private sector, not on top of it.

It is not old-fashioned industrial policy. It is not centralized Government planning, it is not command and control from Washington, and it is not a bailout for failing industries. It is Government working as a partner with the private sector, as a catalyst for the private sector, to make sure that the strong new industries of tomorrow are being created right here in America and staffed by Americans. It is industry led and cost-shared, not Government-dominated.

This is a strategy—a blueprint, a plan. It is not the final word. It seeks to strengthen the weak links in our economy's chain of production. We will add to this framework over time as we learn from experience.

This strategy will not be in a single bill, but a series of bills. It contains a mix of new programs, programs that are being substantially revised and updated, and programs to receive major new funding.

In March we passed a tax bill with a number of important business tax incentives which the President vetoed because it attempted to pay for those incentives. We do not revisit those initiatives in this strategy, we continue to support them, but we look at the other side of the same economic coin, the role of Government in promoting programs to attack our problems.

Mr. President, I want to make it clear that while we have developed this package on the Democratic side of the aisle, and while we thank the majority leader for his leadership and encouragement in helping us to develop this project—and we are proud to have the support of the relevant committee chairmen and a broad consensus of Senate Demcorats—we hope that our colleagues on the other side of the aisle will support most if not all of these 30 programs. Some of these programs now exist but are receiving major revisions and major additional funding, others are brand new.

We want bipartisan support because the fact is that if we are going to get our economy moving again as we want to, all of us are going to have to put old ideologies aside and do what works to create jobs.

In order to get technology translated in commercial success and jobs, there are six links in the chain of production: basic research, applied research, new product commercialization, the manufacturing process, workforce training, and marketing. Every one of those links in the chain of production has to be strong if we are to compete in a global market place.

Unfortunately, today many of those links are weak. It is the aim of this national economic leadership strategy of

Senate Democrats to strengthen every link in that chain.

For four decades since the United States became the dominant economic power in the world after World War II, we in this country have operated on the premise that if Government supported basic research, all the other steps in the chain of production would fall into place.

The government puts basic research into one end of the pipeline, and assumes that advanced products come out the other end. Japan and Europe are now teaching us that this approach no longer works. According to the most sophisticated economic projections completed to date, Japan will have a larger economy than the United States if current investment rates continue by 2004. This is a larger total economy, not just manufacturing. This is not just Japan recovering from World War II, that was a half century ago. This is a new economic model that we have to respond to if we are going to keep our standard of living.

In this new strategy we are trying to address these problems comprehensively, not just piecemeal, bill by bill, committee by committee. We are trying as a majority within this Chamber to look at our economic growth problems as a whole, I believe for the first time. We are looking at each link of the production chain.

While we still lead the world in basic research, we are falling down in applied research—research that leads to new products. The National Science Foundation reported earlier this year that spending by U.S. industries on R&D peaked in 1989 at $79 billion and has dropped in both 1990 and 1991. At the same time our foreign rivals were increasing R&D at a brisk pace.

We are also falling behind in the manufacturing process itself. The problems our auto industry is having keeping up with Japanese advances in quality production is the most obvious symptom of this problem. Unless you manufacture the best product and get it to the market first, you lose the business competition. Productivity growth is a good measure—while our productivity rate improved in the 1980's it is still well behind Japan's. And on the critical factor of investment in plant and equipment, Japan is spending over 20 percent of its GNP on investment and we are spending less than 10 percent. We are being beaten by more than two to one in this crucial category. In the long run, that low investment rate spells disaster for our country.

We need breakthroughs in areas that are a bit arcane but are very critical to our success. The manufacturing process is one of them. Japan, for example, has some 170 teaching factories that consist of the most advanced factory floors it can finance. Each of these is staffed by highly trained manufacturing engineers, who train employees of participating companies on the latest equipment and approaches. They bring workers and managers in to train on those floors. And firms can use these factory floors for actual production—the ultimate in production and efficiency training. To match this we have five manufacturing extension programs now in place, not full factory floors geared to production specialties in each region. I note in contrast that we do have agricultural extension programs in virtually every county with farms in this country.

And we have workforce problems—U.S. educational performance, particularly before 12th grade, is inadequate by every international standard. That translates into a workforce training problem.

These all translate into problems in getting our products commercialized.

Finally, we have problems in the marketing side, in getting our exports promoted abroad. Exports are now crucial to our economy: trade was 10 percent of our GNP in 1960, it is 25 percent of our economy today. That means many, many jobs for Americans. Yet while we had a 22 percent share of OECD country exports in 1960 we have less than 15 percent today. We are going to have to do a better job of promoting our exports abroad.

Mr. President, the package our committee have assembled tries to address each of these issues.

First, our strategy provides support for applies research—the development part of R&D. Under it, nondefense and dual-use development at government, industry, and university labs and development centers will be significantly expanded. And the Federal Government will identify and support emerging critical technologies and will invest in new technological infrastructure.

Second, the plan will help both large and small firms turn new technologies in commercial products. We have new capital financing mechanisms and build up existing ones.

Third, we look at the manufacturing process, promoting programs to improve it and promote manufacturing innovation. We also expand the existing manufacturing extension programs so that new production techniques get out to U.S. small and mid-sized businesses.

Fourth, we attack the problem of workforce training by creating a new apprenticeship program, national education standards and assessments, and increasing government support for manufacturing engineering education.

Fifth, we expand Eximbank programs, require much greater coordination among the 16 agencies now undertaking export promotion and support more rational export control systems.

Our priorities are: improving product development; improving product commercialization; improving the manufacturing process; improving workforce training, and improving trade promotion.

This is a realistic package—it represents what the committees can get passed now, before the end of the year and early next. We will seek to fund these programs as a priority within existing domestic priorities.

I want to thank the majority leader and his staff, particularly Lisa Nolan and John Hilley, for their leadership putting this effort together. I also want to note the other Senators most active in this initiative, including Senators ROCKEFELLER, BINGAMAN, GORE, BAUCUS, BUMPERS, JOHN KERRY, ROBB, WOFFORD, GRAHAM, and MIKULSKI. We are all very grateful respectively to William Reinch, Tamera Stanton, Edward McGaffigan, Greg Simon, Tom Sliter, Chuck Ludlum, Scott Bunton, Julius Hobson, Linda McIntyre, Dan Solomon, Leslie Woolley, Steve Ganote, and Peter Saundry of their staffs, for their efforts. We are also very grateful to Chairmen HOLLINGS, RIEGEL, and SASSER, and to Patrick Windham, Michael Nelson, Ken Jarboe, Terry Hartle, and Chuck Marr of their committee staffs. We are all very appreciative of the dedicated work of Garth Neuffer, Monica Healey, and Chris Balderston of the Democratic Policy Committee. We thank, too, Senator PRYOR, and Desten Broach and Kirk Robertson of his staff, who worked so hard on defense conversion proposals announced last month, for their close cooperation. Finally, I want to thank William Bonvillian, William Danvers, and Kenneth Glueck of my office.

Mr. President, this program grows out of conversations that all of us have had, with trade associations with workers, with business leaders—of businesses large and small. This is a program that comes up from the grassroots. I think we could take this program into every Chamber of Commerce and every union hall in America, describe it, and gain strong support.

Today, we present it to our colleagues here in the Senate. We ask for their support. We hope for the support of the President. We know we will have the support of the American people.

We hope this program not only engenders support here in this country but creates a little nervousness among the leaders of our friends in Japan and Europe, our economic competitors in the world today. Perhaps they will see in this program that the United States is finally coming together, one solid team, ready to meet our competition on the world's economic battlefields headon. And perhaps it can help show us how to win the victories, the business, and the jobs that we desperately need to assure our standard of living into the future.

I ask unanimous consent that a detailed description of the legislative

provisions in this economic leadership strategy appear in the RECORD immediately following my remarks.

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

LEGISLATIVE PROVISIONS IN NATIONAL ECONOMIC LEADERSHIP STRATEGY

I. KEEPING U.S. ON CUTTING EDGE OF HIGH-TECHNOLOGY AND APPLIED RESEARCH

NIST Advanced Technology Program (ATP): This initiative would increase funding for the ATP, which provides matching funds to industry-led efforts to develop new basic technologies in such fields as electronics, advanced manufacturing, materials, and bioprocessing. (Commerce)

NIST Laboratory Research and Services: This initiative would increase funding for National Institute of Standards and Technology (NIST) laboratory programs, which provide industry with the precise measurement and quality assurance techniques necessary to speed the commercialization of new technologies and improve manufacturing quality. (Commerce)

DARPA "Dual-Use" Technology Partnerships with Industry: The proposal would increase funding for this DARPA program, which develops new technologies with industry cooperation, and is directed to advanced and critical technologies. Costs are shared with industry, and the program is coordinated with the Department of Commerce's advanced technology program and the Department of Energy's technology partnership program. (Armed Services)

High Performance Computing and Communications (HPCC): The purpose of HPCC (which is proposed for expansion) is to strengthen U.S. technological leadership in high performance computing and computer communications. The core program focuses on improving computers and networks for federally-funded researchers. The proposed new trial applications program would support industry-led efforts to apply HPCC technologies in a wider range of areas, including education, computer data bases and libraries, health care, and manufacturing. (Commerce)

Federal Labs Initiative: The Industry-Laboratory Partnership Program would reorient many federal labs to help American commercial industry. Under the initiative, a percentage of each agencies laboratory budget would be set aside to support industry-led, cost-shared R&D projects with that agencies laboratories. Agencies would set up industry-university advisory committees, and a study would be conducted on the resources and capabilities of the Federal laboratories to analyze what might be most useful to industry. Funding would flow from existing sources, so no additional appropriations would be necessary. (Commerce)

National Science Foundation (NSF) Assistance to Universities: Strengthen America's university research capability by doubling the budget over five years for NSF's research budget, and significantly increasing assistance to universities to renovate research facilities. This would ensure that universities can continue performing cutting-edge scientific research. (Labor & Commerce)

Critical Technologies Institute: Continuation of this initiative would provide staff and technical resources to the Executive Office of the President, particularly the Office of Science and Technology Policy. Particularly intended to help the Executive Office prepare strategies for the critical technologies identified in the biennial critical technologies report. (Commerce)

II. CREATING QUALITY JOBS BY PROMOTING INCREASED COMMERCIALIZATION OF PRODUCTS

A. Promoting increased commercialization of new products

Small Business Innovation and Research Act Reauthorization. This legislation would reauthorize and substantially expand the Small Business Innovation and Research Program (SBIR) to promote development of commercial products from basis and applied Federal research. SBIR provides grants to small firms for research and product development. All agencies with extramural R&D budgets in excess of $100 million must set aside 1.25 percent for the SBIR program. The reauthorization would double the required set-aside, but not increase total appropriations. (Small Business)

Additional Support for Commercializing Critical Technologies. Three proposals now before the Commerce Committee would provide additional support to help industry develop and commercialize new advanced technologies. These proposals, which would include establishment of a Civilian Technology Corporation and an Advanced Technologies Capital Consortium, would provide loans, loan guarantees, and equity investments as well as grants. Legislation which emerges from the Commerce Committee is likely to be a synthesis of these three proposals. (Commerce)

Small Business Investment Company Act (SBIC). This bill would restructure the existing venture capital program which provides financing and management assistance to small entrepreneurial businesses. The restructured program would improve program delivery and correct structural deficiencies. SBIC has provided start-up financing for many successful ventures, including Nike and Federal Express. As the restructuring would not require additional funding, the initiative assumes current services funding. (Small Business)

Housing reauthorization; The Housing reauthorization bill will include some new economic development initiatives. One of these will be reforms to the Community Development Block Grant (CDBG) program. Currently, a number of provisions limit the usefulness of CDBG funds for business and economic development. This initiative will also include a micro-business pilot program to set-aside CDBG funds for loans through community development organizations to small businesses. This would meet the needs of small business for loans below $25,000, which is the level of an SBA loan. (Banking)

Regional Technology Alliance (Critical Technology Application Centers) program: This program (also authorized without appropriations) would foster regional infrastructure, in particular critical technology areas in coordination with the Commerce department. While the Manufacturing Extension program would be geared to manufacturing innovation and processes, this program would be directed to extension efforts for critical technologies. Funding would go to regional centers, providing services, information, and products to support critical technology development. Costs would be shared by industry and states. (Armed Services)

Other Technology Initiatives: The Commerce Committee also will consider other technology initiatives during 1992, including the Technology Transfer Improvements Act (which has already been reported by the Committee), and a yet to be introduced bill that would encourage industry efforts to develop environmentally-sound product and process technologies. The Committee will also strengthen and authorize increased funding for NASA's R&D programs to develop technologies key to the success of U.S. civilian aviation and space industries. (Commerce)

Strategic Environmental R&D Program: In addition to expanding DoD's role in global environmental change research, this legislation would require the development of new clean-up technology by DoD and DoE, in coordination with EPA. It would be relevant to both DoD's major environmental clean-up problems and to the growing environmental clean-up industry. (Armed Services)

B. Supporting development of new manufacturing technology and extension

SEMATECH (DARPA funded): This program—proposed for continuation at current funding levels—is designed to develop semiconductor manufacturing technology advances led by industry. Program costs are shared with industry. (Armed Services)

Additional Manufacturing Activities: This would provide support through new and existing NIST and NSF programs to help industry develop and deploy the next generation of computer-integrated, electronically-linked factories. The goal is to ensure that the U.S. does not fall behind other countries in 21st century manufacturing. The NIST portions of this initiative are contained in S. 1330, the proposed Manufacturing strategy Act. (Commerce)

Other MANTECH: These programs—for which a modest increase in proposed—develop advanced manufacturing technology for defense industries in cooperation with those industries. Some of these developments are also relevant to civilian R&D needs. (Armed Services)

NIST Technology Extension Services: Increase support for states to assist small manufacturers through two Commerce Department (NIST) programs—the Manufacturing Technology Centers Program and the State Technology Extension Program. These programs help states provide assistance to the nation's 350,000 small firms to modernize manufacturing equipment, adopt new manufacturing practices that boost quality, productivity and profits, and help improve the skills of workers. (Commerce)

Manufacturing Extension program: This program (which has been authorized but has yet to receive appropriated funds) would support existing state and local efforts, and is directed at bringing technology advances to defense and commercial small and medium-sized businesses. The extension program would work in coordination with Commerce programs, such as NIST Hollings centers). (Armed Services)

Defense Production Act reauthorization: The Defense Production Act (DPA) provides the authority needed for the maintenance and mobilization of the defense industrial base. It authorizes the use of purchase guarantees, loan guarantees and loans in order to maintain or expand the domestic defense industrial base and to foster new industries or technological capabilities needed to maintain national security. This bill—currently in conference—reauthorizes the existing programs and creates new programs to strengthen the defense industrial base. These include a domestic preference for critical defense technologies and components, and increased incentives for modernization by defense suppliers, especially at the sub-tier level. (Banking)

III. IMPROVING EDUCATION AND JOB-TRAINING TO ENSURE HIGHLY SKILLED U.S. WORKFORCE

School to Work Transition: The High Skills, Competitive Work Force Act of 1991

would expand opportunities for high-quality education and training for the millions of students who do not enroll in higher education after high school. The legislation would authorize career preparation programs, youth opportunity centers, and a voluntary national system of industry-based occupational training standards and assessment and certification procedures. (Labor)

Manufacturing Engineering Education program: The initiative would increase funding for this program, which improves graduate and undergraduate manufacturing engineering education, and increases its relevance to industrial needs. Costs are shared by industry, states and local educational institutions; the program is coordinated with NSF science and engineering education programs. (Armed Services)

Educational Research and Statistics: The federal government play a major role in supporting educational research. This reauthorization will include: (1) an effort to establish voluntary, national education standards by establishing the National Education Standards and Assessment Council, (2) expanding the collection of state level data on educational achievement, and (3) expanding the use of technology in education. (Labor)

Job Training and Basic Skills Act: This legislation would revise the Job Training Partnership Act (JTPA) to provide improved job training and education services to those economically disadvantaged individuals most in need of services. The bill would (1) change eligibility rules to target those persons facing serious and multiple employment barriers, (2) revise JTPA's focus on placement and cost outcomes by increasing the emphasis on educational and workplace competencies and long-term job retention; and (3) strengthen the capacity of the JTPA system to serve youth at risk of chronic unemployment. (Labor)

IV. STRENGTHENING TRADE TOOLS TO OPEN MARKETS AND PROMOTE U.S. PRODUCTS ABROAD

A. Promoting U.S. products abroad

Export-Import Bank (Exim) reauthorization: The Exim bank is the main government agency for the financing of U.S. exports, through direct loans and loan guarantees. This bill would reauthorize these programs and make changes to improve the operation of Exim bank, including authorization for 100 percent coverage of loan guarantees. The bill would also reauthorize and strengthen the tied-aid "war chest," which is used to counter attempts by other nations to offer cut-rate financing for development construction projects tied to purchases of goods and services from the nation offering the financing. (Banking)

Coordination of Export Promotion Activities: The Exim bank bill also includes an initiative to strengthen export promotion coordination now in 16 different agencies by creating a statutory Trade Policy Coordinating Committee that will promote cooperation between the agencies and recommend resource allocations. (Banking)

Export Administration Act: This bill, which is now in conference, reforms and updates export controls to permit greater sales of U.S. high technology goods abroad while maintaining national security. The bill also reauthorizes the export promotion activities of the Commerce Department, including the U.S. and Foreign Commercial Service, and strengthens those activities. It also reauthorizes the interest rate subsidy program of the Exim bank. (Banking)

B. Strengthening Government's role in opening markets

Super 301 Extension: This legislation would extend the Super 301 provision of the 1988 Trade Act, beginning in 1992. (Finance)

Trade Agreements Compliance Act: This bill would allow interested private sector parties to petition the U.S. Trade Representative to review foreign compliance with a trade agreement under section 301. If there is a violation, USTR would have 180 days to negotiate with the trading partner to address the violation before imposing trade retaliation. (Finance)

Fair Trade in Financial Service: This bill (now in conference) would strengthen the ability of the U.S. to retaliate against closed foreign markets in financial services, which is especially a problem for banks, stock brokers, mutual funds and other providers of U.S. financial service in Japan. The purpose of the bill is to open up markets using the same leverage that was used to open up the Japanese government securities market to U.S. brokers as part of the 1988 Trade Act. (Banking)

Note: Committee jurisdiction is indicated in parentheses at the end of each paragraph.

The PRESIDING OFFICER. Who yields time?

Mr. LIEBERMAN. Mr. President, I yield to my colleague from Michigan such time as he requires.

Mr. RIEGLE. Mr. President, I underscore the remarks of the Senator from Connecticut and thank him for his leadership. This is an excellent package.

The component parts fall under the jurisdiction of several committees, a number of them under the jurisdiction of the Senate Banking Committee. We have already acted on those items. They have either been reported out of the committee and are awaiting floor action or have in fact also passed the Senate during conference with the House. So we are moving on this strategy, and it is an essential economic growth strategy and economic surge strategy for the country.

Why is this so urgent? Let me read an item just off the national wire service. The unemployment data just came out this morning.

The first paragraph in the AP story reads as follows:

The Nation's unemployment rate surged to 7.8 percent in June, the highest level in more than 8 years, as the weak economy proved unable to absorb an influx of job seekers, the Government said today.

They indicate in this data, with this sharp jump in unemployment, we now have 10 million people in the United States that we know by name who are unemployed, need work and cannot find it. There are several million more who fall under the category of discouraged workers who have given up looking and millions more who are in a circumstance where they are working part time because they cannot find full-time work.

We have a major problem on our hands and the administration shows, literally, no understanding or awareness of this problem, no sense of urgency.

The numbers have gone up. The unemployment numbers have gone up all across the country. California has the highest rate, 9.5 percent. My own home State of Michigan now, 8.8 percent. We have 404,000 people in the State of Michigan unemployed as of the time of this data that is just out this morning.

Not surprisingly, there is another urgent item on the wire this morning. Finally the Federal Reserve has slashed the key discount rate from 3.5 to 3 percent. Where has the Fed been up until now? This problem has been building up now well over a year's length of time. This is one of the longest recessions we have had in our history. This data should not come as any great mystery or any great surprise. The story has been coming in from all across the country, from unemployed workers, from companies shedding employees. Hughes announced a day ago, they're laying off 9,000 workers—I mean eliminating that number of jobs. Aetna—4,800 jobs being eliminated; Alcoa is getting rid of 2,100 jobs. That is just within a 1-day period of time. We have a serious job emergency in this country and there is no recognition of it by the administration.

Some of it involves long-term problems dealt with in part by the plan we are laying out today. But some of it is a failure to respond in a more immediate way to the problem that is right in front of us.

So, yes, it is appropriate the Fed act today. But the Fed has been a day late and a dollar short all the way through this problem and that is why this problem is so much worse today.

Why is it after already having two down periods during this recession we now have the highest unemployment that we have had in this country in all these years? In 8 years, the highest unemployment, right now, that we have had over a 8-year period of time. That is why there is a need for new leadership in this country and why there is a political rebellion under way in America today, because of the sickness in the American economy and the Bush administration attempting to say either there is no problem or, to the extent there is a minor problem, if we are just patient the problem will solve itself. It will not solve itself.

One element of this plan has to do with trade. Something the President can do to help unemployed workers in this country today involves the conversations he is involved with right now with the Prime Minister of Japan.

Japan last year had a trade surplus with the United States of $43 billion, and it is outrageous. It means they took $43 billion of scarce capital and jobs out of this country and took them to Japan. That is one of the reasons why unemployment is so pervasive in this country today. They are the worst offenders in international trade and every other nation has stood up to

Japan in this area except the United States.

The European Common Market has stood up to Japan, told them to put an end to the trade cheating. We have not done that here because our administration has been unwilling to confront the problem. We need to open the Japanese market and we need to put a stop to the dumping practices and the keiretsu practices that have been documented in case after case after case with respect to Japanese trading activity here in the United States, because they are stealing jobs from our country by virtue of this trade cheating. And the President has to wake up to this problem and confront the Prime Minister of Japan and say this has to stop; we cannot continue to see unemployment go on up in this country in part because of the trade cheating by someone who calls himself an international friend of the United States.

Since 1980, Japan has taken out of the United States in trade surpluses in their favor $460 billion. Over that same period of time, since 1980, the Bush-Reagan policies that have hurt this country so much, the economic policies, have given us a cumulative trade deficit with the rest of the world of $1.1 trillion.

And people in this country are not stupid. They understand what is going on. We see it in the steel industry. All the steel companies in the United States just went together 2 days ago to file a massive legal suit against the trade cheating, and they have outlined all the countries around the world.

One of the worst of the offenders is Japan. In 1980, we had 500,000 workers in America working in the steel industry. Last year, that dwindled down now to 150,000. What has happened to those men and women who worked in those jobs? Many of them have not been able to find replacement jobs.

Our own office in the U.S. Trade Representative has put out a book. They put it out each year. It is called the "National Trade Estimate—Foreign Trade Barriers." Look at the size of this. It looks like a phone book for a large-size city. In here, on Japan alone, there are 18 pages of illustrations of trade cheating by Japan that is stealing jobs in America. These things are connected.

Our plan today addresses in part the issue of getting trade fairness. We have a lot of products that we can sell overseas if other countries will allow us to do it. Yes, we have to work harder within our own country, and we lay out ways in which that is to be accomplished. But you can have the best product in the world at the lowest price, and if you are dealing with a country that will not let your goods in, then you are not going to sell in those countries.

We had a situation at a trade fair last year in Japan where we had American rice on the table. It so offended the Japanese because the quality was better and the price was better that they came in and literally arrested the bags of rice, and made the bags of American rice leave the trade show because it was so offensive to the Japanese rice interests.

That is part of the problem here. We have a much more serious problem today with this trade cheating than we have in some of these other kinds of international situations that get all the attention. And it is draining the economic strength out of America; it is draining jobs out of America.

Now, the Fed has acted in an emergency way because we have an emergency; we have a job emergency in America, and it is not right. I am tired of all the concentration on foreign policy and no concentration on a policy for America.

The President is here now trying to help the Japanese. They have a bill on the floor right today to help the former Soviet Union. They have a proposed free-trade agreement with Mexico that is going to provide jobs for Mexico. But there is no plan for America, even though the unemployment rate today has hit an 8-year high in our country. We have 10 million unemployed workers. They are desperate for work, and they deserve the top priority and the consideration of this Government.

So it is time for the Fed to wake up and stay awake. And more important, it is time for this President to lead on the issue of greatest urgency of this country, and that is our economic future. We are losing our economic future. We are losing it every single day. We are not keeping faith with the people of this country.

Kids are coming out of college today who worked and sacrificed—and their families sacrificed. They are coming out of college, prepared to work and cannot find work. That is not right. The fact that the sons and daughters of the people in the Cabinet and the top positions of this Government are finding work does not mean a thing, except to point up the contradiction, when other people in society who do not have those kinds of favored connections are coming out and cannot find work.

So we need a plan. We have put a plan on the table here today. And we need an aggressive turn of attention of our country away from this preoccupation on foreign policy to get down to the question of what needs to be done in America. That is why there has been such a tremendous loss of faith in our country. We have not a minute to lose.

I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senators will be speaking on time controlled by the Senator from Connecticut.

The Senator from Montana seeks recognition under that time management.

Mr. BAUCUS. Mr. President, in effect, could the time controlled by the Senator from Connecticut be delegated? He is not here at the moment.

The PRESIDING OFFICER. If there is no objection, the Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, how much time is allotted?

The PRESIDING OFFICER. Until 10 a.m.

Mr. BAUCUS. I thank the Chair.

Mr. GORE. Reserving the right to object, and I, of course, shall not object, but I wonder, did the Presiding Officer say the time for speaking runs out at 10 a.m.?

The PRESIDING OFFICER. The time controlled by the Senator from Connecticut as the designee of the majority leader expires at 10 a.m.

I am sorry. Morning business will continue until 10:30, with Senators permitted to speak for 5 minutes therein.

The Senator from Montana is recognized.

ECONOMIC GROWTH STRATEGY

Mr. BAUCUS. Mr. President, I rise to strongly endorse the plan, the package that the Senator from Michigan [Mr. RIEGLE] spoke to very passionately and effectively, as well as the plan referred to by the Senator from Connecticut [Mr. LIEBERMAN], and Senator MITCHELL.

This is a package of economic growth measures which we Democrats are unveiling today, and also at a press conference on our package yesterday. We think it is very important to work together to develop a package of economic growth initiatives so that American workers begin to have more faith and more confidence in the American economy and more confidence in Government.

In recent years, we have come to recognize that national security has an economic as well as a military component. Our victories in the cold war, and more recently in the gulf war, prove beyond question our ability as Americans to promote U.S. national security interests through military means.

We now have to focus much more on our economic interests. We are the world's unquestioned military superpower. But our record for promoting national security in the economic arena is much more in question.

Behind the impenetrable military shield of the U.S. Armed Forces, the American economy shows definite signs of rust and decay. Just consider a few statistics.

The wages of the bottom four-fifths of the American work force have been stagnant for more than a decade. That is, their incomes have not been rising in real terms; they have been falling. That is the bottom four-fifths; that is for almost all Americans but for the top one-fifth.

In recent surveys in developed countries—that is, America and all the

other developed countries—American students finished last in mathematics and second-to-last in science. That is among all industrialized countries.

The United States has run a trade deficit every year for more than a decade. That is, we are buying a lot more goods overseas than we are selling overseas, and recent figures indicate that that deficit is again on the rise. Japan is expected to pass the United States to become the world's largest manufacturer. That is with only half of the American population.

Again, Japan is about to become the world's largest manufacturer; that is, manufacturer of more products than any other country in the world, with a population one-half that of the United States. Clearly, it is time for us Americans to turn our attention from repelling foreign enemies in the military sense to arresting and reversing the decay of our economy.

I am pleased today to join with Senator MITCHELL and a group of Senators in presenting an ambitious package of economic growth incentives. The package first endorses long overdue measures to strengthen America's technology base, including forging a new mission for America's national labs, bolstering research at American universities, and increasing the focus on applied R&D to bring new products and techniques on line more quickly so we are manufacturing those products much more in America.

Second, the initiative endorses a number of measures to commercialize new technologies by harnessing the innovative abilities of small business and the institutional resources of the Department of Defense.

Third, the package promotes education and job training. It increases our commitment to vocational education for non-college-bound students. It also endorses basic minimum standards for students to ensure that all students get the education they need to function in the 21st century.

Finally, the package endorses an aggressive initiative to secure new markets for American products abroad, a subject that was just addressed by the prior speaker, Senator RIEGLE. This includes a new emphasis on funding and organizing America's trade promotion efforts.

As chairman of the Finance Subcommittee on International Trade, I am pleased the package includes strong provisions to open foreign markets. The package calls for the reauthorization of our toughest market-opening tool, Super 301.

Super 301 was included in the 1988 Trade and Competitiveness Act. It compiled a very impressive record, opening markets in Japan, Brazil, Korea, Taiwan, and other countries in 1989 and 1990. But the Bush administration has opposed its extension. That provision has expired; it is no longer in effect. We want to extend Super 301; we want to bring it back.

The package also calls for the enactment of the Trade Agreement Compliance Act. The Compliance Act is based on the simple principle that a deal is a deal. It creates a special procedure for ensuring that the United States vigorously enforces its rights under existing trade agreements. It sends a strong message to our trading partners that we will not tolerate violation of trade agreements.

Finally, we call for enactment of tough trade provisions to open foreign financial services markets.

The United States has used tough tools to open foreign markets for American goods. We need similar tools to open foreign markets for American financial services.

There is a simple message behind all these provisions. If our trading partners expect continued access to our markets, they must open their markets. Simply put, trade must be a two-way street.

America has the most open market in the world. We do not want to close it. Rather, we want to open foreign markets so that all countries can enjoy the benefits of free trade. I am pleased to say that action is already under way on a number of these initiatives. On trade issues, the House is already moving a trade bill that includes all the trade elements I have just described. Final action is scheduled in a matter of a couple of weeks. In the Senate I am hopeful a bill can be introduced and enacted upon this summer and a final measure could be sent to the President for signature this fall.

The measures I have described are critical to America's economic security. They are critical to America's national security. It is my hope we can defy the conventional wisdom and enact these changes even in an election year.

Mr. President, I yield the floor.

Mr. ROCKEFELLER. Mr. President, yesterday's announcement of a national economic leadership strategy represents an important step forward in the national competitiveness debate. The argument over whether we have a problem is finished. The only people who do not think we have one are working in the White House. The national economic leadership strategy begins the debate over solutions.

I am proud to have joined the majority leader and so many other Democrats in the Senate, in presenting this strategy. It represents the ideas and serious thinking of all of the participants who share a commitment to putting our country on a path of economic growth. I hope it will build momentum for enacting the legislation needed to fulfill our common goals.

Whether you believe that U.S. productivity, growth manufacturing, and technological innovation are deteriorating, or that other nations are simply moving faster than we are and catching up, we have a serious competitiveness problem by virtually any measurement one uses. Unless we act quickly to rebuild our manufacturing base and the high quality jogs that go with it, our children will be the first generation in our history to have a lower standard of living than their parents.

That matters because we are stewards for their future. It also matters because the end of the cold war means that economic power will define global leadership in the future. Our ability to continue to play the lead on the world's stage will depend on our economic strength. I believe in American leadership. The world is a freer and better place because of it. But if we want it to continue, we must get our economic house in order.

This national economic leadership strategy starts us down the right road in two important ways.

First, it is comprehensive. By bringing together a wide range of proposals, some new, some already making their way through the legislative process, we create a blueprint for bringing our technology and manufacturing base up to world class standards, and for creating a well-educated and skilled work force.

Second, our strategy is based on government leadership. A telling moment for me came when I read Fortune's December issue, which contained interviews with various CEO's on America's future. CEO after CEO called on the government to lead—to determine what our national priorities are and to mobilize government resources to achieve them.

George Bush's response in the interview stood in sharp contrast. His vision was for companies to do what they do best. His goal was to get out of their way. And that sums up the differences between us. Democrats believe the Government has a leadership role in building the infrastructure and technology base that will determine the American economy of the future. We agree with business leaders who want to build the partnerships and lay the plans for a prosperous, competitive economic future.

There is ample precedent for such cooperation between Government and the private sector. Our agricultural and industrial infrastructure were built on it. Our citizens and our Government have consistently shown their willingness to mobilize resources and energy on behalf of clearly defined national goals. It was just such a policy that created one of the world's most competitive agriculture sectors in the second half of the 19th century, that created and fostered the civil aviation industry in the 1920's, and that made our aerospace industry competitive in the 1950's and 1960's. There are also other, more re-

cent and more specific examples, and, Mr. President, I ask that summaries of several of them be printed at the conclusion of my remarks.

This is not news to students of history, but it clearly escaped the Reagan and Bush administrations' attention. They have not recognized how technology is changing the face of economics: how to support technology development within a Government framework that maintains competitiveness; how to translate technology into high quality marketable products; how to pay as much attention to manufacturing technology as we do to basic research. There are a growing number of Members of Congress talking about this, but you will be hard-pressed to find anyone in the administration giving it anything but lip service.

Americans are beginning to understand that the health of the critical industries of the future—semiconductors and the means to make them, computers, lasers, composite materials, telecommunications equipment, robotics, ceramics—cannot be left to chance. Our continued status as the world's leader depends on their prosperity. And their prosperity can on longer be left solely to the market.

In many respects this is a more sophisticated version of the debate we have had over infrastructure in the past. Governments have been supporting infrastructure for 5,000 years. Up until now we have defined it as roads and bridges, concrete and steel. In the 21st century, however, it will be telecommunications and information, fiber optics and computers. Instead of the interstate highway system, we will be talking about smart highways and supersonic air transport. These are the things that will drive our economy in the future, and the government's responsibility for them will be no different than its public works responsibilities in the past.

The national economic leadership strategy expands our research and development efforts in these critical technologies, and it proposes important new initiatives for turning laboratory ideas into marketable products. We are all familiar with examples like the VCR and the facsimile machine—products invented here and produced elsewhere.

Making marketable products means learning how to move from making something work once to learning how to make thousands of them at low cost and high quality. That involves different skills—designing for consumer needs and and pocket books and developing more sophisticated and flexible manufacturing techniques that can respond to the high quality and variable production demands of high tech products.

This may require a Federal hand. Proposals in our package include an Advanced Technologies Capital Consortium [ATCC], which Congressman BOB TORRICELLI and I introduced earlier this year, and a Civilian Technology Corporation, to be introduced shortly by Senator HOLLINGS. Both will have some federal funds, but will be led by private sector decisionmakers to supplement the private venture capital market in support of technology commercialization.

This is important not because we want products with "Made in America" labels on them. It is important because it is product sales and the profits they make that produce the investment that will create the next generation of technology. Companies don't undertake research and development out of whole cloth. It takes large amounts of money. Historically, the bulk of that money comes from earnings generated by these companies. In short, if we don't make anything, ultimately we will not invent anything either. That is why the policies we pursue must be oriented at manufacturing technology and commercialization and not just at the "generic, precompetitive research and development" the President says he supports.

The strategy also focuses on quality jobs by upgrading the education and job skills of our work force, and it reorients our trade policy in the direction of more efficient export promotion and market access abroad. Taken together, the components of this strategy will lead to more high quality jobs for Americans, jobs that will keep us growing and prosperous into the 21st century. I am also pleased that a number of my proposals are included in this package that will help make sure some of the jobs end up in West Virginia.

This strategy is also timely because of the election. Usually the contest for votes bogs down in debate over the issue of today and the soundbite of last week. We can and must do better than that. We are stewards of the country for our children. We owe it to them and to ourselves to plan for the future to insure that the next generation will inherit a strong and prosperous America. The national economic leadership strategy is a road map to achieve that goal.

CASE STUDIES

THE COMPUTER INDUSTRY

Federal R&D support was essential to the creation of the U.S. computer industry. The first companies were constructed as part of military research and development projects during World War II. Between 1945 and 1955, all major computer technology projects in the U.S. were supported by the Federal government. During the 1950's and 60's government purchases of semiconductors for missile guidance systems aided the development of the U.S. computer industry. The technology that helped make personal computers possible was developed as part of NASA's Apollo program.

The computer industry is a good example of how the government and private sector can successfully work together, from the R&D stage through product commercialization. Take a look at two leading companies; Cray Research, Inc. and IBM. Cray Research developed the supercomputer under contract to the federal Los Alamos National Laboratory. During the 1940's and 50's, IBM developed electronics and computer products that were purchased mainly by the Federal government. IBM received additional support from the government in the form of R&D funding for programs like the B–52 bomber and its navigation system. IBM has successfully applied technological advances gained in government-supported projects to commercial products.

ATM MACHINES, CREDIT CARDS, AND OTHER PRODUCTS OF COMPUTER NETWORKING TECHNOLOGY

Today, we can get cash almost everywhere, 24 hours a day, thanks to automatic teller machines. And if we don't want to pay cash, we can use our credit cards in most places thanks to technology that allows merchants to instantly check whether cards are stolen or invalid.

The Federal government played a key role in developing the computer networking technologies that make ATMs and credit cards possible. In the late 1960s, the federally funded Defense Advanced Research Projects Agency (DARPA) used digital technology to link computers for the first time. Since then, computer networks have grown faster, larger, and more secure. Today, networks enable computers around the country to "talk" to each other, transmitting pages of information in seconds, far faster than the best fax machines.

The Federal government continues to support computer networking technology. The National Science Foundation, in cooperation with DARPA, the private sector, states, and universities, has built the NSFNET, a high-speed computer network connecting hundreds of colleges and universities around the country. The networking technology being developed for the NSFNET will one day allow network users to talk face-to-face despite being thousands of miles apart. Coworkers on opposite coasts will be able to work together as effectively as if they were in the same room.

DARPA: THE DEFENSE ADVANCED RESEARCH PROJECTS AGENCY

Perhaps the best known example of government support for cutting-edge technologies is The Defense Advanced Research Projects Agency, or DARPA.

Though its mission has been defined by the Pentagon, DARPA has spawned a number of important civilian technology breakthroughs: mainframe and super computers; flat panel displays used in High Definition Television (HDTV) and lap top computers; SEMATECH, which is a consortia of computer chip manufacturers; and a number of advanced computer techniques like packet switching. To quote the New York Times, "DARPA almost single-handedly founded the fields of material science and computer science in the U.S. paving the way not only for the smart weapons of the Persian Gulf war but the personal computer industry."

THE AEROSPACE AND COMMERCIAL AIRCRAFT INDUSTRY

The United States government played a key role in the development of civilian aircraft.

Prior to World War II, a Federal agency call the National Advisory Committee for Aeronautics (NACA) supported civilian aircraft research and development. NACA was responsible for aeronautical innovations such as: a wind tunnel built in Langley, Vir-

ginia; an engine cowl which reduced wind drag; aerodynamic efficiency research which helped determine optimal engine placement; and a new family of airfoils which allowed engineers to test different wing designs. NACA was absorbed by the National Aeronautics and Space Administration (NASA) in 1958.

There are several lessons to be learned from NACA's success. First, NACA's research efforts were industry-led. NACA chose research projects based on what industry needed, not on what NACA wanted. Second, NACA studied not only whether new technologies were feasible, but also how new technologies could be manufactured.

After World War II, military R&D aided the commercial aircraft industry. Manufacturers that worked in both the military and civilian markets, like Boeing and General Electric, were able to use defense contract dollars to lower production costs for not only their military operations, but also their civilian ones. Also, companies were able to apply technologies developed for military use to civilian use. As a result, U.S. firms still dominate the commercial aerospace industry.

THE BIOMEDICAL INDUSTRY

The U.S. biomedical industry is one of the strongest in the world largely because of federal support. The government funds biomedical research through the National Institutes of Health (NIH), the National Science Foundation (NSF), the Department of Defense (DOD), the Department of Energy (DOE), and the Department of Agriculture (DOA). Such research has led to medical breakthroughs such as gene therapy and the discovery of the virus that causes AIDS. Also, federally-funded R&D has spawned the development of human insulin, human growth hormones, drugs to treat kidney transplant rejections, drugs to help prevent hepatitis B, and a test for HIV infection.

Federal support for biomedicine has succeeded because the government has worked in collaboration with the private sector. Often, in conducting biotechnology research, government-supported universities enter into long-term cooperative agreements with individual firms. Also, NIH, the leading provider of R&D and training to the biomedical industry, has built strong relationships to the health care industry.

VIDEO CASSETTE RECORDERS—A CASE STUDY IN FAILURE

Though American firms developed the first video-recording technologies, Japanese firms now completely dominate the VCR market.

Why? There are two reasons. First, Japanese firms focus on the long term in commercializing products. They endure flat or negative cash returns during the many years it takes to bring a low-cost, high quality product like the VCR to market. Second, Japanese firms focus on the manufacturing process, requiring design engineers and manufacturing engineers to work together as a team to develop a high quality product that can be manufactured cost-effectively.

As a result of America's failure to commercialize video recording technology, Japan has cornered the market for one of the most lucrative consumer electronics products.

ORDER OF PROCEDURE

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. GORE. Mr. President, I ask unanimous consent to speak as if in morning business. Are we in morning business now?

The PRESIDING OFFICER. The Senator is correct. The Senator has 5 minutes.

Mr. GORE. I ask unanimous consent that I might be recognized for an additional 2 minutes.

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

U.S. ECONOMIC LEADERSHIP STRATEGY

Mr. GORE. Mr. President, yesterday I was proud to join the majority leader and several of my colleagues, including Senators LIEBERMAN, ROCKEFELLER, BINGAMAN, and a number of others, in announcing a new U.S. economic leadership strategy to give Americans quality, high-paying jobs, to give our children better and more fruitful educational opportunities, and to give all of us a safer and cleaner environment in which to enjoy life.

Just a few nights ago, President Bush said that he cannot understand why people think the economy is getting worse because he knows it is getting better.

Well, look at today's economic news. Last month, unemployment rose again to 7.8 percent the worst rate since 1984. This was the second month in a row that unemployment has gone up. All but 1 of the 11 major industrial States had increases in unemployment. The highest rate was in California with 9.5 percent, up from 8.7 percent in May.

One of the economists interviewed in reaction to this news this morning was an economist in Chicago named Robert Deidrich, and he said this report is not what we were expecting. He said:

It is just a bummer across the board. It's like you have glue on your feet. The economy just can't seem to get out of this.

The analyst for the Associated Press summarized it by saying, and again I quote:

The unexpected weakness in June employment raises the prospect that economic growth could stall out just as it did last summer after a short-lived increase.

You know what that would be called, Mr. President? A triple-dip recession.

And what is the Bush-Quayle administration doing about it? Not much. The administration has no strategy for ending the recession, no strategy for getting this country moving again. It has no plan to deal with the rising unemployment rate and the loss of competitiveness.

Senate Democrats yesterday proposed a comprehensive, bold, visionary plan to get this country moving again. There is a stark contrast between the do-nothing, wishful-thinking approach of the Bush-Quayle administration and the economic leadership strategy which Senator MITCHELL and Senate Democrats announced yesterday.

In the middle of this century, there was a colorful personality named Clementine Paddleford, and she once said, quoting her own mother, "You shouldn't grow a wishbone where a backbone ought to be."

For years now, the Bush-Quayle administration has tried to wish America into being a world competitor again, and what is the result? Not only are we unprepared to lead the world economy tomorrow, we cannot even hold our place today. Wishing and hoping cannot prepare us for a better future.

The new Democratic economic leadership strategy puts backbone in America's economic posture and helps us face the future with purpose and vision. It creates economic strength by beginning and enlarging a variety of programs and initiatives that clear a path for new ideas to become new products and new jobs. Programs like the Advanced Technology Program, the Small Business Innovation and Research Program, the Manufacturing Technology Centers Program, and others can nurture and facilitate industrial innovation and enhance productivity.

Mr. President, the Information Infrastructure Act of 1992, which I introduced yesterday as one of the components of this new economic leadership strategy, will provide the central nervous system for this new economic resurgence. It will speed the distribution of information for education, health care, and manufacturing. I am convinced that this new economic strategy will turn American ingenuity into high-quality American jobs.

The administration seems content to count any job as a good job, and as a result more and more workers are consigned to low-skilled, low-paying jobs that leave their own skills untapped and their hopes unfulfilled. No wonder many Americans express the fear that their sons and daughters might have a lower standard of living than they do.

There is no question that the United States of America leads the world in bright ideas. It is time that we use those ideas to create a brighter future, a future in which Americans produce high-quality products that make for better jobs and a better world.

We know what the critical technologies for the future are. Industry is telling us, it is not a great mystery. And we have the ability to speed their development and commercialization, if we have the national will and if we have leadership instead of the wishbone approach of the Bush-Quayle administration.

This new economic leadership strategy that was announced yesterday will help our children help themselves through improved educational opportunities. It also includes job training and vocational education programs to better equip Americans for a changing future where the capacity to learn new skills is itself a valuable skill.

While there are many other goals in our strategy, I wish to close by accentuating one of them and talk about how a better economy and a better environment can be secured together.

The Japanese and the Germans are now openly saying that the biggest new market in the history of world business is the market for the new products and processes that will foster economic progress without environmental destruction. Millions of jobs are at stake unless we lead the environmental revolution. Mexico City is closing down factories today, not because of their economy but because they are choking to death on the pollution. They are desperate to get, not new laser-guided missile technology but new machinery, new processes to put their people back to work without choking their children. Thirty-five percent of our exports last year went to developing countries, and virtually all of them are asking for the new approaches that will not devastate their environment but allow them nonetheless to move forward toward better standards of living. The Bush-Quayle administration has completely missed the boat on this as they have on the economy generally.

That is part of the economic leadership strategy that we announced yesterday to move our country into a leadership position on these new environmental technologies. So whether it is the Information Infrastructure Act, or the New Technologies for a Sustainable World Act, or the manufacturing extension centers, or any of the other provisions in this comprehensive package, this formula will get this country moving again, and it poses the starkest possible contrast with the Bush-Quayle do-nothing wishbone approach which again has produced an increase in the unemployment rates and the specter of a triple-dip recession with no relief anywhere on the horizon except with new leadership of this country.

I yield the floor, Mr. President.

THE NOMINATION PROCESS

Mr. GRASSLEY. Mr. President, it was just 1 year ago yesterday that President Bush nominated Judge Clarence Thomas to be an Associate Justice of the Supreme Court of the United States. On the anniversary of this nomination some reflection on that nomination and the subsequent confirmation are in order.

In my view the Thomas confirmation process distorted beyond recognition the process created by the Framers of our Constitution. Congress did not act in full accord with its article II responsibilities to advise and consent. This was true in a number of respects.

I would like to speak to just three of those.

First, Congress sought to dictate to the President who the nominee should be. Whether described as "compromise" or described as "consultation," many Members of this body believe that the President must compromise his choice of a nominee with various Senators. I suppose the more powerful the Senators happen to be the more that would be the case. The President may act wisely and probably would be acting wisely to take some congressional opinion into account.

Nonetheless, under our Constitution, the President has the sole power to choose nominees to the Supreme Court. Although as Justice Jackson noted several decades ago, our constitutional system of three branches is often one of shared powers. The President's power to nominate is not, however, shared with Congress.

Notwithstanding this unambiguous fact, some Members of this body set forth the remarkable notion that the President should consider balance on the Court in selecting his nominees. This notion of balance has no historical basis. As an example, Franklin Roosevelt did not consider balance when he made his seventh and eighth nominations to the Supreme Court. Lyndon Johnson did not consider balance when he named Justices to what was already the most ideologically monolithic Court in the history of our country. Few, if anyone, suggested that Presidents Johnson or Franklin Roosevelt should have.

The second way that Congress violated article II was the opposite of arrogating power beyond that granted, as in seeking to invade Presidential prerogative. Congress in this instance delegated public power to private groups.

In fact, we had two Senates considering the Clarence Thomas nomination last fall. One Senate was this body of 100 elected by the people of their respective States for 6 years, to exercise constitutional powers. This Senate was ultimately responsible to the people for its exercise of those powers.

Additionally, someplace in that big black hole existed a shadow Senate. The shadow Senate consisted of special interest groups, not elected by anyone, for any term, and of course responsible to no one. Yet the shadow Senate also exercised the advise and consent function committed exclusively to the people's representatives in this Senate.

The shadow Senate consisted of advocacy groups whose views have been decisively rejected in so many recent Presidential elections, particularly those in which the winning President's view of putting strict constructionists on the Supreme Court was made very clear.

Notwithstanding their failure to get their agenda adopted through the democratic legislative process, these special interest groups in the last several decades have been able to impose their agenda through an unelected activist Supreme Court, typically making law rather than interpreting law.

When Clarence Thomas was nominated 1 year ago, the shadow Senate was already making pronouncements that they would "Bork" him. They were wrong. Judge Bork was treated gently compared to Judge Thomas. The shadow Senate sent out all points bulletins to the faithful: Give us your dirt on Clarence Thomas. Various disclosures were made in an unending barrage attempting to kill the nomination. There was no interest in objectively examining this man's qualifications. We had advocacy groups willing to do anything to keep this man off the Supreme Court.

They conducted a large part of the investigation that normally would be done by congressional investigators. These non-Government investigators, not publicly responsible to the people by the way, decided what information would come out about the nominee, when that would happen, and even where it would happen.

By the time the confirmation hearings began, the shadow Senate had distorted Judge Thomas beyond recognition. Yet, despite Judge Thomas' impressive performance before the committee, the shadow Senate would not take no for an answer.

The shadow Senate badgered a woman whose life will never be the same to come forward. She refused in those first instances, and she did it in order to keep her privacy.

Ultimately, she let the Judiciary Committee know her name so that an FBI investigation could be conducted. This action, not the public hearings, shows that the committee took Professor Hill's charges seriously. The FBI investigated and could not determine the truth of her allegations. So the committee in late September moved forward with the nomination.

We must remember that the lurid details of Professor Hill's testimony that simultaneously electrified and sickened the Nation were never mentioned prior to the televised hearings.

After the committee vote, an act of treachery against Professor Hill occurred: Someone acting for the shadow Senate made this woman's unsubstantiated allegations public. At that point, the constitutional process was over. We were now in the war of all against all.

The shadow Senate turned a confirmation process regarding the fitness of a particular individual to sit on the Supreme Court into a societal battle deliberately framed as pitting men against women. I hope we will never see this again. All I would add here is that I hope we will return to a process in which advocacy groups are not the key players and in which nomination hearings are serious efforts to determine competence, rather than some political campaigns, as if people were running to be elected to the Supreme Court as opposed to being nominated and selected for the Supreme Court.

To the extent that the Supreme Court practices judicial restraint, and leaves political decisions to the political branches, particularly the legislative branch, there is no need for political campaigns over the confirmation of its members.

The third way that Congress violated its article II power to advise and consent was its usurpation of the judiciary's article III power to say what the law is. This occurred during the real confirmation hearings. Judge Thomas repeatedly was asked to state his views on various Supreme Court cases, or cases that have already gone by. Each of these issues very likely would come before the Supreme Court some time during his tenure on that court.

Senators can ask a nominee these questions. I am not going to tell Senators what they can ask or cannot ask.

But it is wrong to require a nominee to answer them. A judicial nominee must be impartial, he must appear impartial, and most important, he must be faithful to the Constitution. Were Judge Thomas to have answered these questions, he would have violated all of these commands.

A judge must impartially decide the cases that come before her. If a nominee tells Congress how she will decide particular cases, how can litigants who appear before the nominee as a judge be confident that the judge will be impartial, never mind appear impartial? Additionally, a nominee who tells Congress how he will decide particular issues essentially makes political campaign promises to obtain confirmation votes from individual Senators.

Frequently, the questions relate to the issues of importance to the advocacy groups. Such a spectacle in evaluating someone for an unelected position specifically designed to be insulated from political pressures is unacceptable. Even worse, it makes Congress rather than the courts the ultimate authority on the meaning of the Constitution. When a case arises that a Justice has told Congress that she will decide in a particular way, the Justice may feel bound to the promise. This is a violation of the Constitution.

Congressionally imposed promises cannot rank as a higher authority governing decisions than the Justice's own independent consideration of the Constitution, after reading briefs and hearing arguments. Congress does not have the ultimate word on constitutional interpretation. Events of the past year could convince one to the contrary.

To those who threaten not to confirm any nominee who will not answer questions regarding specific cases and doctrines, I can only respond that under our constitutional system, it is the nominee who answers these questions who deserves to be rejected.

Perhaps those who demand answers from the nominee on issues likely to confront the confirmed Justice believe that the Justice cannot be objective. They may think that Justices should and do decide cases on the basis of their policy preferences. Such a view denies the existence of law. Justices, at least those who believe in judicial restraint, apply the law rather than their own personal beliefs. Thus, a nominee's personal agreement with the merits or reasoning of a particular case is irrelevant to the confirmation process.

Senators can ask certain general questions to prospective nominees: How they generally approach constitutional adjudication and statutory construction, the role of precedent, and other similar issues. Senators can determine sufficiently the nominees' judicial and constitutional philosophy from the answers to these questions and from the nominee's writings, including judicial decisions if any. Senators can determine character and other relevant issues, such as the nominee's familiarity with decisional law, as well.

But if the Senate continues to subject nominees to the process that we utilized beginning 1 year ago yesterday, the country will lose the ability to have the best and brightest appointed to such positions. We must return to the basics and particularly constitutional basics. We must exercise all the powers available to us under article II's advise and consent clause, but we, and we alone, in the Senate, must exercise only those powers.

Mr. President, I yield the floor.

EXTENSION OF MORNING BUSINESS

Mr. KERREY. Mr. President, I ask unanimous consent that the time for morning business be extended to 10:45.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

ROE VERSUS WADE

Mr. KERREY. Mr. President, in connection with what was said by the Senator from Iowa, I think it must be said that now on the Supreme Court there are nine Justices, and we know what each one feels about the very emotional, difficult subject of *Roe* v *Wade*. I say that with respect for my friend from Iowa. I have not voted on Justice Souter or Justice Thomas as a consequence of their position on that issue. But now knowing what all the Justices believe, it will become much more important to me; and indeed it is important to the President, because he sends the Solicitor General up to the Supreme Court to attempt to reverse *Roe* v *Wade*. Reagan-Bush appointees in their declaration in support of *Roe* v *Wade* were very strong in saying that that assault is creating problems.

THE SITUATION ON CAMBODIA

Mr. KERREY. Mr. President, today, two important tests of our capacity to respond to international outlawry and foster democracy are occurring in Yugoslavia and Cambodia. Both require moral judgment and action by the United States. Neither present a clear and easy course with ready references to previous actions. Each precedent setting moves require an internal compass. America is, itself, the result of initiatives launched into uncharted waters.

We stand at an important moment of history. The strength of our convictions will determine the course of future events. It is far from clear whether the ancient but resurgent forces of global disorder or the new forces of order will prevail. Led by a determined America it is vital that the international community demonstrate—and demonstrate quickly—it has the will and the capacity to control international violence and outlawry. Success is not optional; it is imperative.

The brave, new postcold war world we are entering is neither a comfortable nor an orderly place. As the screw of tyranny has been loosened, long-suppressed nationalisms, ethnic rivalries and class hatreds have exploded violently into full, horrifying view. The strange place names and growing size of the list must not obscure the real life tragedies that occur when such conflicts cannot or will not be resolved peacefully.

Sarajevo, Yugoslavia, is a name familiar to us from the 1984 winter Olympics. Cambodia we know from the "Killing Fields," the methodical genocide of at least a million people by the Khmer Rouge from 1975 to 1978.

The scene of senseless killing in Sarajevo detailed by a single brave American journalist, John Burns, contains the murderous nature of those who ascribe higher purpose to their killing. Stark bravery of innocents exposed to danger inspire an impulse to help. When the cry for help is heard something in our nature tells us we must go, and quickly.

Mr. Burns has told many heroic stories, but one stands out. He describes the actions Mr. Vedran Smailovic, a 36-year-old cellist in the Sarajevo opera:

> My mother is a Muslim and my father if a Muslim, but I don't care. I am a Sarajevan, I am a cosmopolitan, I am a pacifist. I am nothing special, I am a musician, I am part of the town. Like everyone else, I do what I can.

What Mr. Smailovic does is to play his cello each day at 4 p.m. at the same spot in the middle of Vase Miskina Street. According to Mr. Burns:

> The spot he has chosen is outside the bakery where several high-explosive rounds struck a bread line 12 days ago, killing 22 people and wounding more than 100. If he holds to his plan, there will be 22 performances before his gesture has run its course.

The Serbian gunners who killed these 22 hungry Sarajevans were still firing 155-millimeter howitzer shells down on the city while the one man concert was in progress. For the uninitiated, a 155 round is a big shell; a very big shell. The high order explosion and high velocity shrapnel are more than deadly; they are terrifying. They disorient as they dish out death.

In Cambodia the stories are of children whose legs have been amputated by the most dense and random placement of landmines in the history of this kind of warfare. I visited the refugee camps in Thailand in 1990 where 375,000 Cambodians live in a squalor made partially livable by U.N. efforts. As an amputee myself who received remarkable health care, I was painfully conscious of the limited range of these innocent childrens' lives which would result because of inadequate medical resources.

In Cambodia, prime responsibility for the killings rest with the Khmer Rouge, still led by Pol Pot and his clique, who have been given new legitimacy by the peace agreement signed October 23, 1991. The recent stories tell of the Khmer Rouge's firing on U.N. helicopters and their unwillingness to abide by the terms of the agreements second phase. Consensus is building of their intent to use whatever means necessary to return themselves to power.

In some cases we cannot and should not act. Lasting peace begins when men and women agree to respect a higher law and to resist violent means toward noble ends. In the absence of the willingness to resolve differences peacefully, we will find it difficult to separate warring factions. American intervention should not be based upon the emotional response of simply wanting to help. In some cases we must check our emotional response with caution.

However, America's capacity for moral leadership and forceful action put us in a position of either answering the call for help or answering why we did not. Answering the call does not mean we need to act on our own. The end of the cold war has made possible unprecedented multinational efforts to deal with these conflicts.

In Cambodia and Yugoslavia we have acted as a part of U.N. peacekeeping efforts. We have begun the difficult job of securing a peace. The peacekeeping force in Cambodia involves 16,000 troops, 3,600 police and 2,400 civilians. The cost in dollars is estimated at $2 billion.

At the outset we must recognize this is our force. They represent our interest in international justice. It is crucial to the success of these men and women that we act as if they were our sons and daughters rather than remote blue helmets.

Equally crucial to the success of these operations is to move the peacekeeping contribution from the U.S. State Department to the U.S. Defense Department. The big dollar costs are the military items not the diplomatic. As such it makes sense to budget peacekeeping contributions in DOD.

Finally, we must demonstrate our resolve. All parties must know that we will not be pushed around. Today I will limit my discussion to necessary adjustments in Cambodia if we want this operation to be a success.

Cambodia, that small, tragic country in the midst of Southeast Asia has become the scene of the most ambitious U.N. peacekeeping effort in history. The U.N. Transitional Authority in Cambodia [UNTAC] will have more authority, deploy more forces, and spend more money than any previous U.N. operation. Most challenging of all, the United Nations is deploying into a country where a 20-year civil war has been suspended, but not resolved. One of the parties to that conflict, the notorious Khmer Rouge, was directly and deliberately responsible for the extermination of over 20 percent of the Cambodian population in 3 years of genocidal rule—making it probably the bloodiest regime in the history of mankind.

Few who have studied the Khmer Rouge believe they have any intention of abiding by the international agreements they signed calling for a U.N. presence in Cambodia to administer a cease-fire, demobilization of forces, and an election. Already the Khmer Rouge has resisted the movement of U.N. peacekeepers into their zones of control and in at least one instance fired on a U.N. helicopter. Watching these developments, there are many who have proclaimed the bad news from Cambodia—that the U.N. peacekeeping effort is doomed to failure.

The news from Cambodia is not bad, it is good. There are certainly reasons for pessimism, but the reasons for optimism are more compelling. This was made clear in Tokyo last weekend. Thirty-three nations and twelve international organizations, plus observers from a number of nongovernmental organizations, met in Tokyo for the Ministerial Conference on Rehabilitation and Reconstruction of Cambodia. They convened in response to an urgent appeal from the U.N. Secretary General to commit funds, personnel, and other resources to support UNTAC operations and to sustain the provision of vital services by the existing Government infrastructure in Cambodia.

The good news comprises several points:

The participants at the conference pledged $880 million, easily exceeding the Secretary General's target of $595 million.

Delegation after delegation pledged full support and confidence in UNTAC and its chief, Special Representative Yasushi Akashi.

Delegation after delegation declared their determination to see the settlement process through to a successful conclusion.

Japan moved center stage for the first time in a U.N. peacekeeping effort by hosting the conference and pledging substantial financial support. Moreover, two of the key international officials leading the U.N. effort—Mr. Akashi and the High Commissioner of the UNHCR, Ms. Sadako Ogata—are Japanese.

Japan and Germany, for the first time, are contributing uniformed military personnel to a U.N. peacekeeping effort.

The United States was well represented by one of its most senior and experienced officials, Deputy Secretary Lawrence Eagleburger. He delivered a strong statement making it clear that the United States intended to support UNTAC to the fullest.

The Khmer Rouge were increasingly isolated as delegation after delegation called upon them to cease placing obstacles in UNTAC's path. Many, including the United States, made it clear they would support Cambodian reconstruction with or without Khmer Rouge cooperation and—if necessary—in the teeth of Khmer Rouge resistance.

China, long the leading supporter of the Khmer Rouge, clearly distanced themselves from that past policy.

Mr. Akashi and General Sanderson, commander of the U.N. military forces in Cambodia, have proven themselves to be gifted and determined leaders of the U.N. presence on the ground.

Where do we go from here? I believe the principles which should guide us are clear:

We should move away from even-handedness. The Khmer Rouge should pay a price for noncooperation. They should not be allowed to negotiate their way back in.

We must be absolutely determined to see the reconstruction and rehabilitation effort through to a successful conclusion—the resettlement of 350,000 refugees and the election of a secure non-Khmer Rouge government in Cambodia.

We must be tactically flexible. In particular, we must be prepared to redefine the ground rules for UNTAC to permit it to support all non-Khmer Rouge Cambodians against the Khmer Rouge if the latter continues to resist implementation of the U.N. mandate.

We must make it crystal clear to the Khmer Rouge that we will not be intimidated and that we will prevail. In the words of Secretary Eagleburger:

> It is vitally important * * * that the people of Cambodia have confidence that the international community will not fold its tent at the first sign of difficulty, but instead will work to defend a fair process and to implement a fair agreement. I can assure you that for its part, the United States will not be tempted or intimidated into withdrawing from this process.

We must remember, that in the last analysis the solution must be one reached by the Khmer people themselves.

We should support Secretary General Boutris Ghali's May 1992 appeal for $125 million in commodity aid and balance of payment support in order to avert runaway inflation and the disintegration of the civil service, to help stabilize the economic and social institutions.

As the next major step, we should be prepared to go back to the U.N. Security Council and seek a resolution, backed by sanctions, requiring Khmer Rouge cooperation with the peace agreement, and calling upon Thailand, in particular, to close its borders to Khmer Rouge logging and gem smuggling and to cease providing sanctuary to Khmer Rouge leaders.

To quote Secretary Eagleburger again:

> Our goal should be to reassure those who fear the Accords will not work properly, and to prevent those who fear the Accords will work properly from undermining a process which has the firm and solemn backing of the international community. As far as the United States is concerned, we do not believe that efforts to halt this process should be cost-free to those involved, nor do we believe that we should encourage parties bent on sabotaging the Accords to entertain the prospect of success. The peace process can go forward in their absence.

What is at stake in Cambodia is no less than a test of our capacity to build a peaceful post-cold war world. Every nation, certainly including our own, has a vital interest in the success of that effort. If a just international order is to be built, the United Nations and its affiliated organizations must be capable of playing a central role. Cambodia is nothing less than a proving ground for that shared future. When U.N. forces don the blue helmets and deploy into the Cambodian countryside, they cease to be Irish, or Dutch, or Malaysian—they become, in effect, Americans—because they are one of our own.

Mr. KERREY. Mr. President, I will try in the time allowed me to summarize.

We have begun U.N. Efforts in Cambodia. It is a precedent-setting United Nations effort. America's commitment will be relatively small as part of the $2 billion U.N. movement. This has never occurred before in the history of the world, this kind of a peacekeeping effort. The one thing above all that is paramount for us to succeed is for the people of Cambodia to know that it is their solution, but that we are resolute in our commitment and that we will make certain that we abide and that all parties abide by the terms of the agreement.

Mr. President, I believe the only way that will occur is if we consider the young men and women who are part of this international force, as well as the young men and women who are arriving today from Canada to secure the Sarajevan airport. We must act as if they are our sons and daughters. If we look at these young men and women, saying they are part of some other nation's effort, we will fail to follow through.

Mr. President, I know people are confused abut what is going on in Cambodia. The recent reports have been filled with some bad news. I believe it is mostly good news. The United States sent its best people, Assistant Secretary of State Lawrence Eagleburger, to Tokyo last week. We have progress in place. I believe, Mr. President, we need to say to the Khmer Rouge, who acted like outlaws the past 3 or 4 weeks, we will not give you the opportunity to negotiate your way back in.

We must be resolute with those who have violated the conditions of this agreement. We must consider even going to the U.N. Security Council to change the agreement itself so that the peaceful election that will occur next spring will not allow the outlaws themselves to come back into power.

Mr. President, I appreciate the time that I have been given. I believe that this moment in history must be seized by the United States of America. It is in our interest to do so. It is in our interest to look into these uncharted waters for ways to win this peace. We will be required to be resolute. We cannot allow the killing that goes on in this world to be simply another news story that we read in the morning and move to the side of our desk.

Mr. President, I appreciate this time and I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, may I inquire of the Chair, are we still in morning business at this time?

The PRESIDING OFFICER. The Senator is correct. The Senator is recognized for 10 minutes.

Mr. PRYOR. Mr. President, at this time, because of complications and developments, I am going to yield my 10 minutes under the order to the distinguished Senator from Maryland, Senator SARBANES.

Mr. ADAMS. Mr. President, I would ask the Senator from Maryland if he might yield to me for 2 minutes, and then he will use the remainder of the time for his statement which is more important, but I have just a short statement I wish to make.

Mr. SARBANES. Mr. President, I yield to the Senator the 2 minutes.

FREEDOM SUPPORT ACT

Mr. ADAMS. Mr. President, I want to support the efforts of the Senator from Maryland and I shall remain on the floor to do so. He has a very important message for us this morning. I simply want to rise at this moment in time and to make my statement in support of the Freedom Support Act, which we are debating today.

I am a strong supporter of this and I am very concerned that we must help these people that have been in the former Soviet Republics to move toward democracy, because we cannot let despair, unemployment and hunger destroy the fabric of their society and thereby turn them toward nondemocratic processes.

I have always felt the American and Russian people had a long tie between them, even in the height of the cold war in the 1970's. When I was Secretary of Transportation during my visits on technical matters to Moscow, Leningrad and other cities, we were warmly received and the friendship was obvious. We want to be certain that this continues and I particularly want to express my interest in eastern Russia.

We forget too often about it. It is very much like the United States was during the period of the 1930's and 1940's with our people a great resource but with the inability to have capital to invest and with the infrastructure not completed.

I am pleased that the people in the State of Washington have now strengthened the ties, having sister cities of Vladivostok-Tacoma, and there are going to be conferences in the State of Washington. I look forward to President Yeltsin working in that area and I hope we can assist in this. I hope we will be in the forefront of the efforts to do it.

We cannot let the people of the former empire to lose hope. Therefore, I hope we pass the legislation.

Despite our strong ties, the outcome of our effort is by no means certain. I do not hold with the end of history theorists.

Democracy is not necessarily the end result of historical progression. We have already seen some of the many forces that could undermine democracy—nationalism, ethnic unrest, poverty, and unemployment.

The legislation before us is not a blank check, nor is it a budget buster.

It is a down payment on our Nation's commitment to the future of this important region and thus to the world. It sends a strong signal that we in the West will not turn our backs on these new nations.

Here at home we face extremely tight budgets and pressing needs. This legislation will not divert a penny away from our domestic agenda. The firewalls of the 1990 budget agreement makes sure of that.

The bill has been well described in the debate. I have cosponsored certain amendments which I have set forth in my more detailed statement.

The bill authorizes the U.S. share of the $24 billion multilateral aid package announced in April. It authorizes the United States share of the Inter-

national Monetary Fund's quota increase, to begin IMF lending to the former Soviet States for economic reform.

It also authorizes a variety of U.S. assistance programs, including student and professional exchanges, technical assistance, agricultural aid, and assistance in defense conversion.

I am a cosponsor of the amendment of Senator WELLSTONE to promote grassroots, governmental exchanges, and support Senator BRADLEY's student exchange amendment.

I am also pleased the bill contains Senator CRANSTON'S provision to promote the weapons-for-wheat idea. Barter, like using proceeds from the sale of our agricultural commodities to help dismantle nuclear weapons, is a creative idea. I am pursuing a parallel effort through the agricultural appropriations process.

In the last several years, the people of Washington State have strengthened their ties with the people of the former Soviet Union, in particular, the people in the Russian Far East.

This is reflected in the sister port relationship between Tacoma and Vladivostok, and in the announcement during President Yeltsin's visit that the two newest consulates to be opened will be in Seattle and Vladivostok.

I have met with officials from this area of the Russian Republic and have been impressed by their enthusiasm for joint projects.

Both in terms of humanitarian assistance and in trade and investment opportunities, Washington has been at the forefront in responding to opportunities in eastern Russia.

I have been proud to assist a number of these efforts and commend the citizens of my State for their optimism and tenacity in the face of endless bureaucracy on both sides of the Pacific Ocean.

All of us cheered Russian President Boris Yeltsin when he addressed the Congress a few weeks ago.

We cheered because we believe in what he said. More importantly, we cheered because we believe in what he is trying to do.

The obstacles facing the successor States of the Soviet Union are tremendous. The process of reform and democratic consolidation will be long.

We simply cannot allow the peoples of this vast former empire to lose hope. I urge my colleagues to support this vital legislation.

I thank the Senator from Maryland. He has a very important message. I hope we will be helpful in helping him in presenting this message to the American people.

I yield back the time.

Mr. SARBANES. I thank the very able Senator from Arkansas yielding me time.

THE ECONOMY

Mr. SARBANES. Mr. President, this morning the Joint Economic Committee met to receive the employment and unemployment figures for the month of June. The grim, dismal unemployment statistics reported this morning are dramatic proof that the economy remains in the grip of a serious and prolonged recession. For the second month in a row, the unemployment rate surged by three-tenths of a percent. It has gone from 7.2 to 7.8 percent in 2 months time. The 7.8-percent figure is the highest unemployment rate since March of 1984, more than 8 years ago.

Mr. President, this chart tracks the movement of the unemployment rate during this recession. Two years ago, in June of 1990, the unemployment rate was 5.3 percent. It has risen through this recession almost in a steady progression with some ups and downs, and it has now gone to 7.8 percent, the highest since March of 1984. This represents 10 million Americans unemployed.

The reason these figures have gone through the chart is we did not expect these high figures this morning. In fact, we were expecting an improvement. We did not redo the chart because we thought we would be working within the parameters of these lines. Instead, it has taken off again.

We had a three-tenths of an increase last month, another three-tenths this month. We are now up to just under 10 million Americans counted as jobless by the Department's official figures. As bad as those numbers are, the real labor number market is even worse.

The Labor Department today released figures on the comprehensive unemployment rate for the second quarter of 1992. This is a rate which includes discouraged workers and those working part time because they cannot find full-time work. That rate rose to 10.9 percent in the second quarter of 1992. The last time it was that high was in the last quarter of 1984.

Now this 10.9 percent figure represents the 10 million unemployed under the official rate, another 1.1 million so discouraged that they dropped out of the labor force, and 6 million people working part time who want to find full-time work.

These figures are an absolute disaster—7.8 percent unemployment rate, 10.9 percent comprehensive unemployment rate—these unemployment figures are the worst in more than 8 years.

The impression that the economy is starting to weaken again is confirmed by a variety of other statistics released in the past month.

New home sales have fallen 4 months in a row. Building permits have fallen for 4 months. Housing starts are down 8 percent over the last 2 months. This is very distressing since we often rely on the housing sector to help bring us out of the recession.

New claims for unemployment insurance are rising from a weekly average of just over 400,000 in May and early June to over 420,000 for each of the past 2 weeks.

New orders for durable goods fell in May.

Exports, which people have been forecasting would pull us out of the recession, fell in April; this is the second decline in a row. The purchasing manager's survey fell 4 points in June, from 56 to 52. Fifty is the level they use to say we are in a recession.

And the worst economic news is in the labor market. Job growth remains weak, unemployment high, with little evidence of a turnaround. Large companies are continuing to announce massive layoffs. This past week alone, Aetna Life & Casualty said it would lay off 4,800 employees, which is more than 10 percent of its work force. Hughes Aircraft announced it will lay off 9,000 employees, 15 percent of its work force. Obviously, these figures do little to restore confidence in a labor market shaken by 2 years of recession.

After four quarters of weak economic growth, the American labor market is in the midst of a profound job recession. The current recession began in June 1990. This chart shows that we are currently in a jobs recession. The dark line is this recession, the dotted line is the average of six previous recessions. What this shows is that in the previous recession we had significant job loss, just like we did in this recession, only the job loss in this recession has been a little steeper. However, in the past when we came back out of the recession, we moved rather quickly to recover the jobs that had been lost. So in the average of the six previous recessions, by 2 years after the downturn began, the jobs lost had been recovered. In contrast, in this recession the job loss has continued at this low level.

We are not recovering these jobs. In fact, we asked the Labor Department this morning what percent of jobs had been recovered in previous recessions. Fourteen months from the bottom of the downturn in previous recessions in the postwar period, we had recovered 174 percent of the jobs, 128 percent, 132 percent, 169 percent, 244 percent, 191 percent, 151 percent, and 139 percent. In other words, in every instance we had recovered more jobs than had been lost during the recession, in some instances by very significant margins. In this recession, we have recovered 9 percent—9 percent of the jobs have been recovered in this recession.

Mr. President, I ask unanimous consent to proceed for another 5 minutes.

The PRESIDING OFFICER. The Chair would advise the Senator that morning business, under the previous unanimous-consent agreement, was extended until 10:45, so we would need a request for that.

Mr. SARBANES. I ask unanimous consent to proceed for another 5 minutes in morning business.

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

Mr. SARBANES. Mr. President, since January 1989, there has been a net loss of 82,000 jobs in the private sector. People are losing work. They are unable to find work. The number of long-term unemployed has now risen well above 2 million people. These are people out of work for 27 weeks or longer. When this recession started, we had 600,000 such people. We are now well above 2 million.

In an interview with the New York Times last week, the President said, and I quote him: "I happen to think the economy is better than most people in America think."

I want to repeat that quote last week by the President: "I happen to think the economy is better than most people in America think."

Today's labor market data confirm that most people in America have a better read on the state of the economy than the President of the United States. I hope this mounting evidence of economic deterioration will send a wakeup call to the White House, which needs to take concrete steps to address our economic situation rather than continuing to blame people for seeing all too clearly the sad state of our economy.

The Labor Department gives each month the unemployment figures for the 11 largest States in the country: California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Texas, States in every major concentration of population in the Nation. The unemployment rate this month has risen in 10 of those 11 States, in some instances by more than 1 point. New York State has gone from 7.9 to 9.2; California, from 8.7 to 9.5. Only in Pennsylvania it dropped two-tenths of a point.

Mr. RIEGLE. Will the Senator yield?

Mr. SARBANES. Yes.

Mr. RIEGLE. If you look across the country, as you say, in Florida, it jumped up to 8½ percent; Illinois, 8.6 percent; Massachusetts, 8.8 percent; Michigan, my home State, 8.8 percent—we have 404,000 people unemployed there; North Carolina jumped up 6.5 percent; Ohio, up 7.6 percent.

But if I can go back to your other chart here just for 1 minute. You see what is happening here too with this current recession, we are starting to go into a triple dip in this recession. As this line turns back down, which is what today's data is showing us, we are seeing this huge mass of unemployed people getting larger.

This problem is getting worse and the administration, as you say, is sleepwalking. There is no response to this problem. The President either does not think there is a problem or thinks the problem is going away on its own. The problem is getting worse. The problem is getting worse.

I thank the Senator from Maryland for focusing on this issue.

Mr. SARBANES. The Senator is exactly right. The first thing the President needs to do is he needs to announce this morning that he supports the extension of the unemployment compensation bill that is pending in the Congress——

Mr. RIEGLE. Exactly.

Mr. SARBANES [continuing]. Which he has indicated, unfortunately, tragically, disastrously for millions of people, that he is thinking about vetoing.

Look at the increase in the number of long-term unemployed, people out of work for 27 weeks or longer. The President ought to send a clear message that he is prepared to sign the bill. The number of long-term unemployed surged 10 percent in 1 month, from May to June. It is getting up in the range of approaching quadrupling since this recession began.

These are people out of work for 27 weeks or longer who desperately need these extended unemployment benefits. The President is saying I happen to think the economy is better than most people in America think.

Well, most people in America know better than the President. They know what is happening out there on the street and how much they are hurting. These are disastrous figures, Mr. President.

Mr. RIEGLE. Will the Senator yield at that point?

He was citing some of the job reductions and job eliminations announced just this week from Hughes Aircraft, from Aetna Life Insurance. The Alcoa Co. announced it is eliminating 2,100 jobs; Northwest Airlines, 350 jobs.

Here is a story out of yesterday's Wall Street Journal, page 2 in the Wall Street Journal. It says the oil industry in America is expected to lose 50,000 jobs this year. It says that is happening because of the acceleration of exploration spending overseas.

So, here are another 50,000 jobs that are going to disappear between now and the end of the year that have to be added to these totals.

We have to have an emergency job strategy to get people in America back to work. People cannot support their families. They are losing their homes. They are losing their cars.

The other night on national television there was a picture of two Desert Storm veterans, who were wearing the uniform of this country a year ago, fighting in that war. They have now come home. They are unemployed. They are homeless and living in cardboard boxes in this city.

We cannot tolerate this situation, and the President has to wake up. We cannot have all this focus on foreign policy and helping all these countries and no plan to help America. We need help here on the job front in this country now.

Mr. SARBANES. Exactly right. And the President needs to recognize it. He needs to take action, and the first thing the President needs to do—and he should do it this morning—is indicate his strong support for the passage of the extended unemployment compensation insurance legislation before the Congress. These figures, Mr. President, are grim. They really are an economic disaster for the Nation.

Mr. RIEGLE. Mr. President, I ask unanimous consent the article from the Wall Street Journal be printed in today's RECORD.

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

OIL INDUSTRY IS SEEN LOSING 50,000 JOBS IN THE UNITED STATES AS COMPANIES EXPAND OVERSEAS

(By Caleb Solomon)

HOUSTON.—The oil industry will lose as many as 50,000 U.S. jobs this year as it accelerates exploration spending overseas, a leading energy executive predicted.

Last year, oil companies increased their exploration and development spending outside the U.S. by 27 percent to $31.4 billion, according to an Arthur Andersen & Co. survey of 241 publicly held oil companies, mostly based in the U.S. U.S. spending slid 4 percent to $17.7 billion, the study finds.

Victor Burk, managing director of the accounting firm's oil practice, said the expected drop in domestic employment comes on top of a loss of about 50,000 oil jobs last year. "Unfortunately," he said, "global trends have resulted in job losses in the U.S."

As of January, about 369,500 people worked in the exploration, production or development segments of the domestic oil business, according to the Bureau of Labor Statistics. A loss of 50,000 jobs this year would represent a drop of nearly 14 percent.

Although most of the lost jobs are in Texas, Louisiana and Oklahoma, economists said the shrinkage won't disrupt the region's economy as much as it once would have. "It hurts, but it's not fatal because we've shed so much of the energy industry already," said Bernard Weinstein, director of the Center for Economic Development and Research at the University of North Texas in Denton.

"The oil industry isn't the 500-pound gorilla it once was, but it is still big enough to hurt," said Bill Gilmer, senior economist at the Federal Reserve in Houston. "We will be fortunate because of the oil and gas downturn to match the nation's economic growth in the coming year."

Mr. Weinstein said that a decade ago about 25 percent of this region's economy was energy-related. But after the energy crash of the 1980s, he said, the ratio is closer to 10 percent today. "One of the results of the energy busts is that we've become much more like the rest of the country," Mr. Weinstein said.

He predicted that as the rest of the country recovers, so will this part of the Southwest, with some exceptions. For instance, Houston, the nation's oil capital, will suffer the most from the oil-industry layoffs and will trail the upturn in the state, he said. Houston's oil-service businesses began hiring

more people in late 1989 in anticipation of a drilling boom that never materialized, Mr. Gilmer said. Employment peaked last summer and has been falling since then.

The shift to overseas oil drilling has been under way for some time, as the industry believes it has better prospects for large discoveries outside the U.S. Oil company spending abroad has grown at an average of more than 20 percent annually over the past five years, the Arthur Anderson survey found.

It was the severe decline in natural gas prices last winter, however, that hastened the decline in jobs and a plunge in drilling activity. A record low rig count of 596, a measure of the number of wells being drilled, was hit in the week ended June 12. Oil-service company Baker Hughes Inc., which keeps the count, said that in the latest week, which ended Friday, 645 rigs were working, down 27 percent from a year earlier and a small fraction of the more than 4,500 rigs that were working at one point in the early 1980s.

"This will be the low year in domestic drilling," said Isaac Kerridge, a Baker Hughes economist. Mr. Kerridge said drilling activity could rise 7 to 10 percent next year if natural gas prices continue their recent uptrend and if smaller exploration companies get some tax relief from the energy bill working its way through Congress.

But pleas for help have generally fallen on deaf ears in Washington. "I testify before Congress, and the Yankees just beat up on you," Mr. Weinstein said. "Their concept is the cheaper [the energy], the better."

THE 1992 ELLIS ISLAND MEDAL OF HONOR

Mr. MITCHELL. Mr. President, ours has always been a nation of opportunity and freedom, a land where hard work and determination were more important than social standing. This is the image that has drawn millions of immigrants to our Nation. And the contributions of immigrants, in turn, have made our Nation the beacon of promise and hope that America symbolizes for the world.

It is vital for our Nation to remember and recognize its roots. It is important to honor those who embody the ideals that inspired millions of people from all regions of the world to leave their homelands in search of a better life—a life where only ability and hard work mattered.

That is the purpose behind the Ellis Island Medals of Honor.

This year's 100 recipients represent a variety of ethnic backgrounds and have succeeded in a wide range of professions. Their accomplishments are a credit to each of them, but equally, their accomplishments are a modern-day guide to the possibilities of America today.

I am pleased to take particular note that three of our colleagues—Senators BIDEN, THURMOND, and HOLLINGS—were honored this year.

Senator BIDEN's chairmanship of the Senate Judiciary Committee makes him today in a special sense the particular guardian of our Constitution for the U.S. Senate. Those issues and responsibilities which under the Constitution fall within the jurisdiction of the Senate—and those special responsibilities for which his committee is responsible—touch on some of the most fundamental structures of our Government, and reach to the very heart of our system of representative democracy.

Senator BIDEN has always discharged his duty as chairman with a strong sense of the particular responsibility he has to pass on to the future a constitutional structure undamaged and undeformed by partisan and passing electoral politics.

He has sought to serve both the institution of the Senate itself and the Constitution as well with the stewardship that both deserve. He has succeeded.

There can be no more challenging an assignment for any American citizen, whether newly sworn in, first generation or the representative of a line of early settlers, than to know that the building blocks of American liberty rest in his care.

Adding to the challenge, Senator BIDEN has the satisfaction of knowing that in his care, the foundations of our liberty have been well and staunchly preserved.

The State of South Carolina has particular reason to be proud. This year, both of its Senators received Ellis Island Medals of Honor. South Carolina, as one of the Thirteen Original Colonies, subscribed to the American ideals of innovation, hard work, and independence from the inception of our Nation. These ideals are well represented by Senators THURMOND and HOLLINGS. They have served South Carolina and the Nation with integrity. It is only fitting that they be recognized for their efforts, accomplishments, and dedication.

The honor bestowed upon our colleagues and the other recipients of the Ellis Island Medals of Honor is a reminder to all Americans that, although the freedoms which make America a special and unique Nation are enshrined in the Constitution, without the dedication of the people of our Nation to these ideals, our Constitution would be nothing but hollow promises. The lives and accomplishments of the recipients suggest that protection and dedication to the Constitution and the liberties it protects are a permanent and enduring duty of all who come into this world or into this Nation to bear the proud title of American citizen.

Senators BIDEN, THURMOND, and HOLLINGS, as well as all of the recipients of the 1992 Ellis Island Medals of Honor, deserve our recognition and thanks for their dedication to promoting American ideals. I ask that the names of all recipients appear in the RECORD.

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

RECIPIENTS OF THE 1992 ELLIS ISLAND MEDAL OF HONOR—RECOGNIZING THE EXCELLENCE OF AMERICANS OF ALL ETHNIC BACKGROUNDS

Ann Simmons Alspaugh.
Terry Anderson.
The Honorable Herman Badillo.
The Honorable James A. Baker III.
Diosdado P. Banatao.
Dr. H. Arnold Barton.
Johnny Bench.
His Eminence Anthony Cardinal Bevilacqua.
The Honorable Joseph R. Biden, Jr.
Tonio Burgos.
Rev. William J. Byron, S.J.
Robbie Callaway.
Glen Campbell.
James R. Cantalupo.
Dr. Renso L. Caporali.
Salvatore M. Caravetta.
Ronald Carey.
Keith Carradine.
Christian Castenskiold.
John S. Chalsty.
William G. Chirgotis.
Thomas Cho.
The Honorable George Christopher.
Natalie Cole.
Raymond Combs.
Matilda Raffa Cuomo.
Anthony S. D'Amato.
Carrie Dann.
Bernardino De Freitas Coutinho.
Dr. Annalisa Sacca Desideri.
The Honorable David N. Dinkins.
Phil Donahue.
William H. Draper III.
Evelyn Dubrow.
Olympia Dukakis.
Michael Eisner.
Robert Ellsworth.
Roger A. Enrico.
James B. Farley.
The Honorable Fernando Ferrer.
Susan Fesjian.
Eugene Freedman.
Georgia Frontiere.
Robert A. Georgine.
Abraham D. Gosman.
Richard A. Grace.
James P. Grant.
Earl Graves.
Gerald Greenwald.
Alex Haley (Posthumous).
Robert L. Harkay.
The Honorable Fritz Hollings.
Celeste Holm.
The Honorable Constance J. Homer.
William J. Hybl.
Roy Innis.
Jerry R. Jacob.
Dr. Joseph J. Jacobs.
John H. Johnson.
John W. Johnstone.
Peter Kalikow.
John Kapioltas.
The Honorable Thomas H. Kean.
Dr. Henry Kissinger.
Robert A. Krasnow.
Henry R. Kravis.
The Honorable Frederick B. Lacey.
Midori Shimanouchi Lederer.
Yungman Lee.
Elizabeth Lipovsky.
Howard M. Lorber.
Grace Lyu-Volckhausen.
The Honorable Andrew J. Maloney.
Mickey Mantle.
The Honorable Salvatore R. Martoche.
Frederick J. Massimi, Sr.
Eugene McGovern.
Cora-Ann Mihalik.
Liza Minelli.
The Honorable Roger J. Miner.

Georgette Mosbacher.
The Honorable Paul O'Dwyer.
Bud O'Shea.
Dr. L. Jay Oliva.
Allen E. Paulson.
Itzhak Perlman.
Vito J. Pitta.
Rev. Casimir A. Pugevicius.
The Honorable Nick J. Rahall II.
Richard M. Rosenbaum.
Howard J. Rubenstein.
Lewis Rudin.
George R. Salem.
Pierre Salinger.
Gen. H. Norman Schwarzkopf.
The Honorable William S. Sessions.
Jack Sheinkman.
Guy B. Snowden.
Peter J. Solomon.
Paul Sorvino.
Albert A. Star.
George Steinbrenner III.
William Talbert.
Gay Talese.
Richard P. Thomas.
Ram P. Thukkaram.
The Honorable Strom Thurmond.
Kaity Tong.
Dr. Miklos Toth.
Lee Trevino.
Ivana Trump.
Cicely Tyson.
Dr. P. Roy Vagelos.
Paul A. Volcker.
Ronald H. Walker.
John Walsh.
John Weitz.
John F. Welch.
W. Richard West, Jr.
Elie Wiesel.
James P. Willse.
David L. Wolper.
Jerome York.
Frank Zarb.
Mortimer Zuckerman.

SALUTING TENANTS AT THE BERKELEY HEIGHTS HOUSING COMPLEX, WATERBURY, CT

Mr. DODD. Mr. President, I rise today to salute the tenants council at the Berkeley Heights public housing project in the city of Waterbury in my home State of Connecticut. The tenants council and other concerned residents at the project have been working hard to improve their neighborhood and, with the help of the Waterbury Housing Authority and the regional HUD office, they recently concluded a successful effort to implement renovations and improvements.

The Berkeley Heights public housing project is a 40-year-old complex which consists of about 336 units. Like many housing projects around the country, it has experienced some problems over the years. Many of the buildings have deteriorated and are in need of substantial rehabilitation. In recent years, the residents have also been victimized by drug traffickers.

About 10 years ago, several concerned tenants formed the Berkeley Heights Tenants Council as a means of fighting the problems in the community. And during the last year, the tenants council has made great progress toward organizing and empowering the tenants. That progress was demonstrated in the council's role in the recent renovation of Berkeley Heights.

As originally planned, the renovation was designed to eliminate common hallways with the hope that drug traffic would decrease. Fortunately, several problems developed during the renovation process—some of the apartments were reduced in size and several windows and sprinkler systems were eliminated.

Fortunately, the tenants council took the initiative and attempted to correct the problems. They obtained an architect and worked to redesign the renovation plans. After much diligent work, the council reached an agreement with the Waterbury Housing Authority and the regional HUD office whereby most of the tenants recommendations were incorporated into the renovations.

The following tenants played an instrumental role in this process: The president of the council, Arthur Jones, Mrs. Arthur Jones, vice president, Bernice Walker, secretary Audrey Ellis, treasurer Gloria Brown, Tina Jackson, and Ruth Ann Barnett. I am pleased that my office was able to assist the tenants with the negotiations and their endeavor to create a better neighborhood.

Mr. President, the efforts of the Berkeley Heights Tenants Council serve as a reminder of what people can accomplish when they work toward a common goal. Although there are fundamental problems in many housing projects across this country, it is important to remember that there are also many hard-working and law-abiding citizens living in those projects who care very deeply about their neighborhood—citizens like the concerned residents of Berkeley Heights who joined together to improve their community. Again, I salute those residents and look forward to working with them in the future.

REGISTRATION OF MASS MAILINGS

The filing date for 1992 second quarter mass mailings is July 27, 1992. If your office did no mass mailings during this period, please submit a form that states "none."

Mass mailing registrations, or negative reports, should be submitted to the Senate Office of Public Records, 232 Hart Building, Washington, DC 20510–7116.

The Public Records Office will be open from 8 a.m. to 6 p.m. on the filing date to accept these filings. For further information, please contact the Public Records Office on (202) 224–0322.

THE 1992 JULY QUARTERLY REPORTS

The mailing and filing date of the July Quarterly Report required by the Federal Election Campaign Act, as amended, is Wednesday, July 15, 1992. All principal campaign committees supporting Senate candidates in the 1992 races must file their reports with the Senate Office of Public Records, 232 Hart Building, Washington, DC 20510–7116. You may wish to advise your campaign committee personnel of this requirement.

The Public Records Office will be open from 8 a.m. until 9 p.m on July 15, to receive these filings. In general, reports will be available the day after receipt. For further information, please do not hesitate to contact the Office of Public Records on (202) 224–0322.

MAKE WAY FOR THE SUPERTRAINS

Mr. MOYNIHAN. Mr. President, Senator SYMMS has contributed a rollicking good piece to Monday's Roll Call called "Make Way for the Supertrains." The Senator, or course, was coauthor and floor manager of last year's Intermodal Surface Transportation Efficiency Act, or ICE–TEA as it is now generally known. This was no small undertaking. ISTEA signaled the end of the Interstate Highway era, the system having been completed, and the beginning of an era of innovation in old and new transportation technologies.

From the first, Senator SYMMS insisted that high speed rail, an old technology if you like but with wondrous new features, be specifically included in the legislation's stated objectives. He persuaded the Senate, the House, the President. In Roll Call he now lays out a plan for getting on with it.

I hope you will share his enthusiasm, as I surely do. If a New Yorker may boast a bit, we once led the world in these things. In 1893, in the West Albany shops of the New York Central, they turned out the finest railroad engine ever built. The 999. On the tenth of May, in Syracuse, she was hitched up to the Empire State Express for the 150 mile run to Buffalo.

In the words of a railroad historian:

> The platform was crowded as the train pulled out. Word had gone forth that this day there was to be a race to command the admiration of the gods.

And so it was. On the final stretch from Batavia to Buffalo, one of the miles was covered at the astonishing rate of 112½ miles per hour: The fastest man had ever moved. In an instant, the engineer, Charles H. Hogan, and the 999 became world famous. And it wasn't the only record broken that day. In those few minutes Charlie Hogan's hair had changed from deep brown to snowy white.

The celebrated Japanese bullet train runs from Tokyo to Osaka at somewhat better speed than the old 999, but not much. Ditto the French Train a Grand Vitesse [TGV] now running from Paris to Lyon. Clearly we can do as much or more.

But will we get on with the job? STEVE SYMMS, of course, is a Rocky Mountain man. Starting in 1883, J.J. Hill built the Great Northern Railway across the Rockies through Sandpoint, ID, in 10 years' time. These days it would take us that long to decide to have a meeting on the subject. Unless, that is, we listen to Senator SYMMS and show that Americans can still build railroads.

Mr. President, I ask unanimous consent that a copy of Senator SYMMS' article from Roll Call be printed in the RECORD at this point.

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

[From Roll Call, June 29, 1992]

MAKE WAY FOR THE SUPERTRAINS

(By Senator Steve Symms)

In 20 years of politics, I have never spent as much time in the favored company of environmentalists, historical preservationists, land use planners, and the like as I have since beginning my legislative efforts to see that high-speed rail becomes part of America's transportation network.

Japan's bullet trains were previewed nearly 30 years ago, the French TGV has carried passengers—24 million in 1989—for more than a decade, and other industrialized nations have had years of experience with high-speed rail.

Yet in the US, these supertrains are still thought to be the domain of utopian dreamers whose concern for issues such as world peace and the plight of snail darters overwhelms any thought of free market principles or the financial bottom line.

Supertrains—steel-wheel trains traveling 150 to 300 mph—are not the product of a fanciful imagination. They are a tried and true technology that reduces traffic congestion, energy consumption, and pollution. And for the business traveler, supertrains can be a competitive, convenient alternative to air transportation because they depart and arrive downtown, avoiding the airport push.

And unlike other "good ideas" whose time has not quite come, a high-speed rail system can be operated at a profit.

In his recent book, Supertrains Joseph Vranich notes that in 1987, TGV's Southeast Line collected $737.5 million in revenues, had $291 million in direct expenses, and the remaining $446.5 million covered interest on the debt that funded the project, depreciation of the trains, a reserve for future track upgrades, a payment to French National Railways for administrative costs, and a payment on the loan principal.

Other high-speed rail systems—the German ICE trains and the Japanese bullet trains—receive more direct and substantial government subsidies, and profits are harder to document, although Mr. Vranich observes that every year since 1975 the Tokyo-Osaka line has earned a profit, and its construction loans were paid off in the 1970s.

But is the successful experience with high-speed rail in other countries indicative of what the market would bear in the US? I think it is, given the right mix of population, distance between cities, and economic conditions. And more importantly, US companies, willing to risk their own capital, think so, too.

Today, state and local officials and private investors are studying the feasibility of at least ten high-speed rail systems, including a Chicago hub system linking Minneapolis, St. Louis, and Detroit; a system linking Miami, Tampa, and Orlando; a Seattle hub system connecting Portland and Vancouver; a Pittsburgh to Philadelphia line; and a Las Vegas-Los Angeles system.

The route most likely to put high-speed rail on the map in this country, however, is a Fort Worth-Dallas-Houston-San Antonio-Austin system called Texas Supertrain. This $6.7 billion, first-of-its-kind project will be financed entirely with capital raised in the private markets and, with the exception of a few inner-city segments, will be owned and operated by a private corporation.

Are those investors risking that amount of capital because they believe in the transportation, environmental, and energy benefits to be gained with high-speed rail? In part, perhaps, but the primary motivation for this investment, like most other private ventures, is the expectation of profit. Texas Supertrain can and will be a money-making, private operation.

What will the advent of regularly scheduled high-speed rail service mean to American travelers and policymakers? There is no doubt that traffic congestion will be reduced, particularly along our most heavily traveled Interstate corridors and at certain airports.

In addition, energy consumption will be reduced because high-speed trains require approximately one-third the energy consumed by automobiles and one-quarter of that used in airplanes.

And because the trains are powered by electricity, travel by high-speed rail dramatically reduces emissions of hydrocarbons, carbon monoxide, and nitrogen oxides as compared to travel by auto or air. Indeed, my friends in the environmental community estimate that travel by high-speed rail in the Northeast Corridor would emit 70 percent less pollution than auto or air alternatives.

Reductions in energy consumption, traffic congestion, and pollution—those are goals all of us can support. However, they are benefits that will only be sustained over the long term if they're obtained at a profit.

Last year, when Congress approved the Intermodal Surface Transportation Efficiency Act (legislation I am proud to have co-authored), we declared it to be our national policy to develop a transportation system "that is economically efficient, environmentally sound, provides the foundation for the nation to compete in the global economy, and moves people and goods in an energy efficient manner."

It's a pretty tall order. But supertrains are one important means for us to get there from here.

TEODORO MOSCOSO

Mr. MOYNIHAN. Mr. President, I rise to bring to my colleagues' attention the passing of Teodoro Moscoso of Puerto Rico, a hero of his Commonwealth and a proud public servant. His death last month in San Juan at the age of 81 marked the end of an extraordinary political life.

I came to know Teodoro Moscoso some 30 years ago when, as an Assistant Secretary of Labor, I became involved with the Alliance For Progress, as President Kennedy had proclaimed it. I traveled in Latin America in the company of Moscoso, the coordinator of the program, and his associates, and learned their views on the matters most important to the region. I spoke in countries as diverse as Colombia and Brazil about our relationship with Puerto Rico. I would say, well, here, let Ted Moscoso describe the matter to you. He will be more authoritative than I, and more informed than I. And he was.

What Ted Moscoso may best be remembered for is Operation Boostrap, an industrial development program which he headed in the 1950's. It was designed by Fomento, the Puerto Rican Government agency responsible for development, to stimulate creation of a manufacturing base for the Commonwealth's economy. Under Moscoso, it became the force behind the transformation of an impoverished island into a thriving Caribbean center of trade and commerce. At its height, one factory was established every day on the island. Per capita income skyrocketed. The program was a spectacular success, and made Moscoso one of the most sought after consultants on Third World economic development. David F. Ross, in his book "The Long Uphill Path," an historical study of Puerto Rico's Program of Economic Development, writes that, "it is impossible to estimate how different the program's results would have been if its direction had been assigned to another man than Teodoro Moscoso, or if Moscoso had not remained at its head throughout its difficult formative years." Well, it is hard to imagine it could have been any better or more successful.

Mr. President, Teodoro Moscoso will be missed by the people of Puerto Rico and by many friends in this country, for he showed such devotion to both. He was deeply committed to strengthening the bonds between his Commonwealth and the mainland, and we are all the better for it. Mr. President, I ask that the text of Teodoro Moscoso's obituary from the Washington Post be printed in the RECORD.

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

[From the Washington Post, June 17, 1992]

TEODORO MOSCOSO DIES; GUIDED PUERTO RICO'S INDUSTRIALIZATION

SAN JUAN, PR.—Teodoro Moscoso, 81, architect of Puerto Rico's Operation Bootstrap industrialization program and a former Kennedy administration official, died of cancer June 15 at his home here.

He is credited with helping transform the once-impoverished island into a manufacturing and business center of the Caribbean. He helped create the Puerto Rico Industrial Development Co. In 1942, then directed the organization, which spearheaded the drive to bring manufacturing to the island.

The program became known as Operation Bootstrap because of its success in luring manufacturing plants to the U.S. commonwealth and raising the standard of living for residents. In 1942, there were 10 factories on the island, compared with the more than 2,000 factories now in operation that produce

textiles, pharmaceuticals, electronics and other items.

During the administration of President Kennedy, he served as U.S. ambassador to Venezuela and as administrator of the Alliance for Progress.

Between 1950 and 1961, Mr. Moscoso headed Puerto Rico's Economic Development Organization, also known as Fomento, which promoted industrial development abroad.

He returned to Fomento from 1973 through 1976 at the request of Gov. Rafael Hernandez Colon. Most recently, Mr. Moscoso, was a member of the board of directors of Banco Santander Puerto Rico and was involved in efforts to promote exports of Puerto Rican agricultural products.

Mr. Moscoso was a pharmacy graduate of the University of Michigan and was in the drugstore business before entering public service

POWER PROJECTION AND ROLES AND MISSIONS

Mr. MCCAIN. Mr. President, I believe that Senator NUNN and Senator WARNER did the United States a distinct service today in raising the need for a comprehensive reexamination of our present roles and missions. We cannot simply continue reducing our forces and defense expenditures because the cold war has ended. We must reshape our strategy, our forces, our roles and missions, and our defense spending programs to suit the new and often troubled world we live in.

I intend to discuss this issue in some depth once we return from our coming recess. I do want, however, to call my colleagues attention to a letter that I have written Senator NUNN and Senator WARNER on this subject, and which addresses the need to couple our examination of future roles and missions to a power projection strategy and strong power projection forces. I ask unanimous consent that a copy of this letter be printed in the RECORD at the end of my remarks.

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

(See exhibit 1.)

Mr. MCCAIN. Mr. President, this letter focuses on the need to ensure that three critical power projection programs—the A–X, the F/A–18E/F, and the CVN–76—are fully funded in the fiscal year 1993 Defense authorization and Defense Appropriations Act. Like Senator WARNER, I want to make certain that we do not confuse the need to conduct a comprehensive reexamination of our roles and missions with the ability to prejudge that reexamination by taking dramatic action to alter President Bush's budget request by cutting critical procurement programs.

We also need to understand that far more is involved than the issue of which service should have a given mix of roles and missions. THe task we face is to decide on a long-term defense program extending beyond the year 2000 that converts our present cold war force posture to one suited to the new world we live in.

This means reexamining every aspect of our force posture to see if we have adequate power projection forces, as well as reexamining it to see where we may have surplus forces tailored to the needs of the cold war.

For example, I believe we can make the massive cuts in nuclear forces that President Bush has made possible through his negotiations with President Yeltsin. At the same time, I believe that we must also buy modern strategic airlift in the form of the C–17, and buy the prepositioning ships and fast sealift that we lacked during Desert Storm.

I believe we can cap long-range bomber production, but I believe we must reexamine our entire tactical air posture to see if our presently planned force mix is large enough, and modern enough, to compensate for the cuts we are making in overall force levels. The issue is not simply one of which service operates which aircraft, it is one of overall sufficiency, and long before we examine trade-offs between bombers and medium attack aircraft, or Air Force and Navy/Marine aircraft, we should examine whether we need both.

We need to remember that for nearly three decades we have never attempted to size our total forces to meet all of the conventional war fighting requirements posed by the cold war, and that we made major compromises in the readiness and capability of our power projection forces to allow us to provide forces for NATO.

This became all too clear during the war in the gulf. We not only lacked strategic airlift and sealift, we lacked a mix of rapidly deployable Marine and Army forces to fight a medium intensity conflict. Only Saddam Hussein's willingness to wait for 5 months, the rapid response of our allies and the United Nations, and our ability to restructure and deploy forces for NATO, allowed us to win Desert Storm with such speed, with such decisiveness, and so few American casualties.

This is why I believe we should be very careful about making any tradeoffs between the three Marine Expeditionary Forces, MEF's, and five Army contingency divisions before we determine whether eight such divisions are enough. It is why I believe that we must examine the need for heavier overall force mixes, able to fight in an environment involving the possible use of weapons of mass destruction, thousands of tanks, and hundreds of modern combat aircraft. It is why we must comprehensively reexamine the need for readiness and sustainability, and whether we are creating a new form of hollow military by our constant cuts in operations and maintenance funding.

We also need to reexamine the need for forward deployment and forward presence in an area where most of the threats we face are threats in regions like Asia, the Mediterranean, and the gulf, or in distant corners of the world where we cannot predict the moment at which we will suddenly face a threat to United States citizens and interests. We must recognize that history does not end, but reasserts itself, and that new threats develop.

We must recognize that we have used our military forces to secure our interests more than 240 times since World War II, and that in virtually every case, our planning guidance failed to predict the need for such deployments, we lacked strategic warning, and we had to act in contingencies far from our borders that had nothing to do with the former Soviet Union or Warsaw Pact. The only thing more dangerous than forgetting the past, is acting as if we could firmly predict the future.

Let me conclude, Mr. President, by noting that this is why we must tailor our examination of our future force needs, and roles and missions, to allow flexibility. We have no way today to know if we will need fewer forces or more forces 5 or 10 years from now. We have no way to know exactly what level of technical superiority we will need over our potential enemies.

If we cut major programs and force elements without leaving ourselves suitable flexibility, we will lose capabilities that take years and immense amounts of money to rebuild. All of our short-term savings may vanish in a single crisis and be offset by much higher price tags in dollars, lives, war, and aggression.

As I say in my letter to Senator NUNN, we are in a critical transition year. During the last few years, we have been able to make cuts in our defense forces and expenditures because of the end of the cold war without fully examining whether we will have sufficient forces for the post-cold war era. The House Armed Services Committee and House Appropriations Committee, however, have already proposed cuts in the fiscal year 1993 defense budget that could put us on a path where we give up resources that will be critical to our future needs.

We must not repeat our experience after World War II, after Korea, and after Vietnam. We must not rush to cut our capabilities—sacrificing strength, readiness, and our men and women in uniform—only to have to spend far more in the long run. We must also remember that in national defense, cost-effectiveness is measured in lives and hopes, not simply in dollars. Accordingly, I believe that we should move forward with our critical power projection programs, and only cut them if a comprehensive examination of our global position, the risks we run, and our overall force posture indicates that we live in a far safer world than I believe now exists.

EXHIBIT 1

JUNE 30, 1992.

Senator SAM NUNN,
Chairman, Armed Services Committee, Russell Senate Office Building, Washington, DC.

DEAR SENATOR NUNN: During last week's meeting on the mark-up of the fiscal year 1993 Defense Authorization Act you raised the issue of the need to reexamine the traditional roles and missions of our military forces in a Post Cold War world. You also noted that making the correct shifts in roles and missions might be the key to the kind of major shifts in defense spending that might either lead to an increased peace dividend or major increases in the effectiveness of our forces.

Your speech today on roles and missions raised further issues, outlining a number of possible trade-offs and economies. You also raised a number of important examples of areas where we need to standardize our capabilities, and where we may benefit from creating integrated capabilities or capabilities managed by a single service.

EXAMINING ROLES AND MISSIONS

I too believe that a reexamination of our present roles and missions is necessary. As you know, I suggested the changes to the fiscal year 1991 Defense Authorization Act that called for a mission budget covering the FYDP to be submitted along with the regular input budget. I am working with your staff and Senator Warner's staff to move this effort forward, and to ensure that we have the kind of planning, programming, and budgeting data that is essential to a review of roles and missions that can be linked to both strategy and major force planning decisions.

Before you and Senator Warner spoke, I had already asked Senator Warner to consider legislation that would ask the Secretary of Defense to forward an annual roles and mission report based on the Chairman's report required as part of Goldwater-Nichols.

I am concerned, however, that we do not prejudice critical force improvements by delaying them, or making premature trade-offs, before the Department of Defense completes its examination of future roles and missions, and before we have comprehensively examined the possible force mixes that might result.

I am also concerned that we do not focus our examination of roles and missions simply on trade-offs between the military services, or an effort to create minimal acceptable capabilities at a minimal cost. The key issue we face is to reshape our force posture to meet the needs of the post cold war era with a level of forces and defense expenditure that we can sustain. The issue of roles and missions is an important subset of issues, but it is only a subset.

As you know, I believe that any such adjustment of the Base Force and our present roles and missions must be based on a shift from a NATO-centered strategy based on a prolonged conventional war in Europe to a power projection strategy based on the ability to use land, naval, marine, and air forces to deal with low and medium intensity crises throughout the world.

Such a strategy requires us to maintain our current edge in both land and sea based tactical aviation, and I believe that we can only do this if we move forward with the F–22, the A–X for both the Air Force and Navy, and the A/F–18E/F. It requires us to have both a modernized bomber force and a modern carrier force. It requires both the C–17 and fast sealift, and it requires both a fully ready Marine force of three full MEFs, and a fully ready U.S. Army contingency force of at least five divisions.

We have already discussed a number of these issues in this year's Committee and Subcommittee meetings, but I believe that we may not have examined three programs that are critical to implementing such a strategy in sufficient depth. These programs are the A–X, the F–18E/F, and the need for a new nuclear carrier. I would like both you and my other colleagues on the Armed Services Committee to know my views on these issues before we go to mark-up.

THE A–X

Let me begin with the A–X. I believe that we must be extremely careful not to force trade-offs between advanced attack aircraft and our bomber force decades before we can predict the future nature of the threats we face. We learned in August, 1990—as we learned in Korea—that we cannot afford to shape our forces as if we were prophets. We learned in the months that followed that airpower can play an extraordinarily important role in hurling back aggression and in limiting our casualties—provided that we have an absolute and decisive superiority over the enemy.

Now that we have cancelled production of the F–15E, the A–X is the only practical road to an advanced medium attack aircraft that either the Air Force or Navy can deploy during the next quarter century. While the Air Force and Navy can retain and improve the F–111 and A–6, we also have learned from the conduct of war study that our existing attack fighters were less effective than we thought and had problems in survivability, range-payload, and their ability to deliver advanced conventional munitions.

The A–X will offer major advantages over both the F–111 and A–6—which will be as much as 42 years old by the time the first A–X squadron is active with the Navy or Air Force. The A–6 and F–111 will average 25 years of service, and even the best mix of upgrades of the F–111 and A–6 cannot prepare these aircraft for the complex threat environment that will then exist in many Third World nations—both in terms of air defense and the need to find and kill highly mobile targets.

The need for the A–X is particularly striking when we consider the following shifts in our strategic posture:

Our ability to deploy sheer numbers in terms of naval, land, and air forces will be sharply reduced.

Our deterrent capabilities in many contingencies will be dependent on the perception of a given threat that we can repeat and improve on our performance in Desert Storm.

The willingness of the UN, and our friends and allies, to support the U.S. in peace keeping and peace making, and in deterring and ending aggression will be heavily dependent on their perception of our strength.

Our ability to develop a domestic political consensus around military action will depend heavily on our ability to maintain a decisive edge over potential threats that ensures low U.S. and allied casualties. It will also depend on having highly flexible strike systems that minimize damage to civilians and even enemy casualties.

Our capability to limit escalation, the endurance of conflicts, and termination conflicts on favorable terms will be heavily dependent on our tactical airpower.

Our strategic posture will be highly dependent on our presence in every threatened area of the world, and the knowledge that we are both present in a troubled region and able to deploy sustained amounts of military power. We must never forget that Saudi Arabia and Israel are the only two countries in the world—outside the Central Region of Europe—which could offer the mix of sheltered, advanced, interoperable air bases we used during Desert Storm.

In most scenarios we will only be able to project air power effectively if we can maintain high sustained sortie rates, if we can rapidly retarget and strike at mobile targets, and if our most advanced attack fighters have sufficient range and payload to operate at long ranges or in extremely demanding missions.

I do not believe, as members of the House Armed Services Committee seem to believe, that we can accelerate development of the A–X. The F–22 will involve a thirteen year development cycle, and our experience with the A–12 has shown that we need a period of 10 years to bring this aircraft to the point where it can become the kind of aircraft that can fully meet the needs of the Navy and Air Force during the next decade, and dominate the skies of the period after 2000.

At the same time, I see no possibility that we can sacrifice the critical air and power projection superiority that only an A–X can provide by relying on older long range strike fighters like the F–111 and A–6, or a comparatively small force of B–1B and B–2B bombers. We must have an all-weather, all-environment medium attack aircraft.

More broadly, I see no current possibility that we can shift to a mix of roles and missions where we can rely on long range bombers as a substitute for advanced long range attack aircraft. We need both, but all of our experience with air combat to date has indicated that it is the flexibility of advanced attack aircraft that is critical in the kind of low and mid intensity combat we face in the future.

THE F/A–18E/F

I am all too conscious of the troubled history of naval aviation in recent years. I believe, however, that the Navy has demonstrated to the Congress that it has developed an effective plan for the modernization of naval aviation, and that the F/A–18E/F is a critical part of this plan.

If the Navy can control the cost of this program in constant dollars, and keep development within the current program development cost of $4.88 billion, it should be able to buy 48 F/A–18 C/D aircraft in the fiscal year 1993 budget, and to develop the F/A–18E/F as a relatively low cost upgrade to a proven system. This would ensure that we develop a high-low mix of aircraft where the F/A–18E/F both complements the A–X and can meet the navy's needs in many contingencies.

Once again, I do not believe that the House Armed Services Committee is right in attempting to restructure the Secretary of Defense's budget request. I agree with my House colleagues to the extent that we must give priority to the A–X in meeting our most probable future mission requirements in an era of declining real defense spending and uncertain threats. At the same time, the F/A-18E/F should be affordable if we avoid competitive prototyping.

It will only cost about half as much as developing a new type of aircraft, and promises a 35 percent increase in range and 50 percent increase in endurance over the F/A-18C/D. It offers an 80 percent increase in time-on-station in some key mission contingencies, and a 25 percent increase in combat air patrol station coverage. It has superior payload flexibility and recovery capability, and it will provide improved survivability in terms of reduced vulnerable area, increased

expendables, and improved electronic countermeasures.

THE CVN–76

Finally, I believe that we should fully fund the Navy's request for $832 billion for advanced construction of the new CVN–76. As we examine our future roles and missions, we must not confuse unproven theory with proven practice, or research with reality. The U.S. has responded to crises in the world nearly 100 times since 1966. In 95 out of these 96 contingencies, we employed U.S. naval forces and in 75 contingencies we deployed the carrier—just as we are off the coast of Yugoslavia today. Since 1985, we have used our carriers in 31 contingencies—none involving the former Soviet Union or Warsaw Pact nations.

Each one of our carriers can support over 140 combat sorties per day, more sorties than the entire bomber force if we carry out every planned improvement in the B–1B and complete the B–2. Roughly 120 of these sorties will be attack sorties, and in many contingencies, carrier air defense aircraft like the F–14 will be able to provide air defense coverage over the battlefield.

Let me again stress, that carriers and the bomber force are complementary assets in a world where our ability to deter war, and our ability to halt or throw back aggression will be very different from our present capabilities. We will have sharply cut our ground forces, and use of nuclear weapons will be unthinkable.

As a result, we cannot ignore the fact that even today, the attack forces of two carriers can deliver as much payload over a 30 day period as our entire projected bomber force. This means a strong, modern, forward deployed carrier force and a strong bomber force are the essential elements of keeping the United States a superpower in a world that will have no other nation that is capable of preserving peace and democracy.

I believe that it is premature to plan for a force smaller than 12 carriers, but even if we do plan for a smaller force, we still need to begin work on the CVN–76 now to ensure we can cost-effectively modernize our carrier force. If we act now, we can obtain the CVN–76 for an estimated cost of $4.8 billion. If we delay for one year, the decline in our industrial base and changes in contracts will raise our costs to $5.2 billion. If we delay two years, the cost will reach $5.55 billion, and $6.0 billion if delayed three years. This is a savings of $400 million, $750 million, or $1.2 billion—depending on the timeliness of our action.

I do not believe we should fund any defense program simply to preserve jobs. Nevertheless, we are talking about some 120,000 defense jobs at a time our economy is only beginning to recover, and critical damage to the nuclear industrial base we really need.

We also need to remember two basic facts. First, our present carrier force was not sized to fight Russia or the Warsaw Pact. Over the years, the Department of Defense consistently found that it would take a total of 20–25 carriers to meet our requirements for such a contingency. It has instead been sized as the minimum force that will allow a sustained forward presence in Asia, the Mediterranean, and Gulf and provide additional contingency capability.

Second, all carriers are not alike. Our oldest carriers are 36 years old, and we face the prospect of block obsolesence during 2003–2007. Even if we cut our carrier forces, the CVN–76 will provide critical improvements in speed and survivability that our older carriers lack.

If we compare the CVN–76 to old conventional carriers like the Kitty Hawk, Constellation, and Kennedy—all of which should retire in the early 2000's—it will have more deck spots and be able to sustain higher sorties rates. It will have far more sophisticated sensor and battle management systems, and be far more capable of operating in difficult combat environments and in close cooperation with other services. It will provide 90 percent more aviation fuel storage and 50 percent more ammunition storage. It will be much faster in deployment, and have much more capability to sustain itself once deployed.

FUTURE ROLES AND MISSIONS

Let me conclude, by again expressing my support for your effort to reexamine roles and missions. I believe that we do need to reexamine both our roles and missions if we are to create the power projection strategy we need. I also believe that we should begin a debate next year over all of the major programs and force levels necessary to implement each role and mission.

I do not believe that we should follow in the footsteps of the House Armed Services Committee and try to advance our own program before we have finished the review of roles and missions you call for, and fully examine the programs and force plans involved. No matter how we approach this issue, we must do it with all the thoroughness and deliberation that has characterized our operations in the past.

We are in a critical transition year. During the last few years, we have been able to make cuts in our defense forces and expenditures because of the end of the Cold War without fully examining whether we will have sufficient forces for the post-Cold War era. The House Armed Services Committee and House Appropriations Committee, however, have already proposed cuts in the FY1993 defense budget that could put us on a path where we give up resources that will be critical to our future needs.

We must not repeat our experience after World War II, after Korea, and after Vietnam. We must not rush to cut our capabilities—sacrificing strength, readiness, and our men and women in uniform—only to have to spend far more in the long run. We must also remember that in national defense, cost-effectiveness is measured in lives and hopes, not simply in dollars. Accordingly, I believe that we should move forward with our critical power projection programs, and only cut them if a comprehensive examination of our global position, the risks we run, and our overall force posture indicates that we live in a far safer world than I believe now exists.

Sincerely,

JOHN MCCAIN,
U.S. Senator.

ENTERPRISE ZONES

Mr. MCCAIN. Mr. President, in the near future the Senate will turn to the consideration of various legislative proposals relating to the establishment of enterprise zones. For the past several weeks much attention has been given to the debate over the types of incentives which should be included in such a bill and how and where such zones should be designated.

Last week the House Ways and Means Committee marked up legislation which provided for 25 urban and 25 rural zones. That bill came under widespread criticism for the types of tax incentives which were included as well as for the manner in which the zones were divided.

This morning we were greeted with the news that the White House and bipartisan House leaders had reached an agreement on long-term urban aid, including enterprise zones. I have not had the opportunity to review the agreement, but according to the Washington Post, the enterprise zone portion of the agreement provides for 50 enterprise zones to be evenly divided between urban and rural areas. While I will reserve final judgment until I see the entire House package, I have a disturbing feeling that the package does little to address the severe problems of unemployment and poverty on Indian reservations.

I would point out that the version as reported by the House Ways and Means Committee did not provide for separate consideration of Indian tribal governments. Rather, the committee referred to Indian tribes in a parenthetical reference under the rural enterprise zone category by saying that at least one rural zone should be established on an Indian reservation.

Mr. President, asking 510 federally recognized Indian tribes residing in 33 States to compete for one Indian enterprise zone is absolutely ridiculous. Not only does such a policy ignore the very real human suffering occurring on Indian reservations today, but it again treats Indian people as second-class citizens.

Let me assure my colleagues that the Senate bill will receive close scrutiny by this Senator to see that the final package not only includes all Indian tribes but treats them as full and equal partners.

We must not repeat past mistakes in Federal Indian policy. Unfortunately, the action taken by the House appears to be headed in that direction. Once again we are seeking to provide Indian reservations with remedies more suited to urban and rural communities, rather than recognizing the unique circumstances of Indian reservations and the government-to-government relationship that the United States has with Indian tribal governments, including that power originating from the article I, section 8, clause 3 of the Constitution, which states that:

The Congress shall have the power * * * to regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.

Unfortunately, for the better part of two centuries, the Congress has so poorly exercised that authority that Federal Indian policy is infamous for its shortsightedness, inconsistency, and disruptive consequences. In the area of economic development, the Federal Government has sometimes tried to direct investment into one or another specific area of business activ-

ity on reservations—tourism was a big favorite for a while. By and large these efforts have not proven to be successful.

The reason for this failure, I believe, is that the Federal Government has tried to dictate and control the development of Indian reservation economies. Government control does not work. I've been working with Indian tribal governments for 10 years, and during that time I've learned that the policies that have been effective and produce meaningful change are those policies that have been closely coordinated with Indian tribal governments.

For the past 9 years I have been advocating the establishment of Indian enterprise zones. During that time I have worked and reworked my legislation to reflect the comments I've received from Indian leaders across the country. Today that legislation takes the form of S. 2254, the Indian Employment and Investment Act. It is my hope that we will listen to and work with Indian tribes to enact legislation in a manner that they deem beneficial to the strengthening of reservation economies. The incentives by themselves will not bring that turnaround, but I am confident that tribal leaders understand that. What tribal governments are asking for is that the Congress recognize the urgency of their situation and that it be made the basis of policy and action. If we continue to ignore the extreme poverty and despair on Indian reservations, we will have effectively banished another generation to welfare dependency.

All Indian tribal leaders are asking is that they be given the opportunity to control their own economic destiny. The Federal Government has tried and failed. Let's give Indian people the opportunity to work together with the private sector to create jobs where an average rate of 52 percent unemployment now exists. Let's provide an opportunity for small and large business to locate in areas of our country where socioeconomic problems rival and in many cases supersede what we have seen in Los Angeles.

S. 2254 was debated here in the Senate on March 12 as an amendment to the National Economic Growth Package which was later vetoed. The amendment was made subject to a point of order because it violated section 311(a) of the Congressional Budget Act. As a result of that debate, Chairman BENTSEN agreed to the request of Senator INOUYE, Senator DOMENICI and me for a revenue estimate on the bill. I want to publicly thank the distinguished chairman for his assistance in obtaining a revenue estimate for this bill. That estimate will be helpful to us in making further refinements to S. 2254.

I look forward to working with Chairman BENTSEN and Senator PACKWOOD and other members of the Finance Committee to ensure that Indian tribes are given fair and equal consideration in the final version of any economic growth legislation that is considered here in the Senate.

It is my view that we have neglected the Native American community for too long. It should come as no surprise that as a result of our failure to adequately support the development of viable reservation economies, that Indian tribes have turned to other revenue generating activities such as gambling and the consideration of proposals to locate commercial waste facilities on their lands. What other choices have we given them?

Once again, I challenge those Members who have expressed concerns about Indian gaming and the potential for the introduction of environmentally unsound waste facilities on Indian lands to join Senator INOUYE and me in supporting tax incentives targeted to Indian reservations.

Finally, let me again state that it is absolutely critical that Indian tribal governments be included in the final Senate package as a full and equal partner. That we recognize the urgency of their situation and make it the basis of policy and action. Indian people are asking for nothing less. And I can not agree to any bill that seeks to simply throw one enterprise zone to all tribes in the hopes that they will go away.

In closing, let me repeat the words of President Peterson Zah of the Navajo Nation:

> Indeed, helping the American Indians to help themselves is neither a Democratic issue nor a Republican issue; it's not a conservative policy or a liberal policy; it's not even a "special interest" issue. Rather, it is a "human" issue that must, and deserves to be, addressed from a national perspective on a bipartisan basis, and with a real sense of urgency warranted by the deplorable conditions existing in Indian country—conditions which truly are a national disgrace.

Mr. President, I ask unanimous consent that a copy of a May 14 letter to President Bush from Senator INOUYE and I regarding this subject be inserted into the RECORD immediately following my remarks.

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

U.S. SENATE,
SELECT COMMITTEE ON INDIAN AFFAIRS,
Washington, DC, May 14, 1992.

Hon. GEORGE BUSH,
President of the United States, the White House.

DEAR MR. PRESIDENT: As the Congress begins its consideration of your proposals for strengthening our Nation's inner cities, we are writing to request your consideration and support for our efforts to strengthen Indian reservation economies.

Unfortunately, many of the depressed conditions you witnessed firsthand in Los Angeles are similar and, in many instances, worse on Indian reservations throughout the country today. The unemployment rate on many reservations averages 56 percent and, on some of the poorer reservations, it reaches 80 to 90 percent. A lack of jobs and economic opportunity on reservations is a major contributor to the high levels of alcoholism, high suicide rates, sense of helplessness, and other deep social problems that afflict all too many tribes.

In an effort to assist Indian tribes to alleviate these conditions, we introduced S. 2254, the Indian Employment and Investment Act of 1992. Like your proposals for the inner cities, the purpose of S. 2254 is to provide for a program of employment and investment incentives that can attract capital and make the private sector a vital and permanent source of economic development on Indian reservations.

Specifically, our bill provides for two Indian tax credits, an investment tax credit and an employment tax credit. The Indian employment tax credit provides a 10 percent credit to the employer based on the qualified wages and health insurance costs paid to an Indian who is an enrolled member of a federally recognized tribe. As an added incentive, a significantly higher employment credit of 30 percent is offered to reservation employers having an Indian work force of at least 85 percent. The credit is limited to those employees who do not receive wages in excess of $30,000. The credit, which focuses on job creation, would be allowed for the first 6 years of employment.

The Investment tax credit, for personal property, construction and physical infrastructure located on an Indian reservation, would only apply on those Indian reservations which have an unemployment rate exceeding the national average by 300 percent.

The remoteness of many Indian reservations, the lack of a skilled work force, and other economic disadvantages require that a particularly strong set of tax incentives be offered in order to succeed in attracting business to Indian reservations.

We believe for several reasons that a strategy of tax incentives such as this legislation proposes is the most effective way that the federal government can act to stimulate reservation economic development. Tax incentives do not depend for their effectiveness on the actions of federal bureaucracies that are often slow moving and unimaginative. The incentives are usable only by viable businesses that expect to earn some profits and hence to have tax obligations against which credits and deductions can be used to diminish their tax obligations. The federal government therefore does not spend anything until a real business is created on a reservation and there exist real jobs and real income generated for the benefit of reservation residents. Unlike direct spending programs, if there is no benefit, there is also no cost.

Similarly, there is a minimum of federal spending required for studies, planning, impact analyses and all the other ways in which substantial federal funds can be exhausted and yet no businesses, no jobs, and no real economic development are yet in sight. In all too many cases in the past, the real economic impact of direct federal spending programs has been limited to the planning and other jobs connected to the federal spending itself. This of course disappears, once the federal spending is gone. No long term viable economy results, certainly not one that can be self-sustaining.

Indian people have persistently urged the federal government to work with them to arrive at sensible solutions to their problems. In 1961, at a meeting of over 400 Indian tribal leaders, that request was summed up in this eloquent appeal:

"What we ask of America is not charity, not paternalism, even when benevolent. We

ask only that the nature of our situation be recognized and made the basis of policy and action."

As we consider your proposals to alleviate the despair and poverty within our Nation's inner cities, we also ask that the nature of the tragic socioeconomic conditions that have existed for too long on Indian reservations be recognized and acted upon this year.

As you consider our request, we ask you to take to heart the following words of Peterson Zah, President of the Navajo Nation:

"Indeed, helping the American Indians to help themselves is neither a Democratic issue not a Republican issue; it's not a conservative policy or a liberal policy; it's not even a "special interest" issue. Rather, it is a "human" issue that must, and deserves to be, addressed from a national perspective on a bipartisan basis, with a real sense of urgency warranted by the deplorable conditions existing in Indian country—conditions which are truly a national disgrace."

Thank you for your consideration of our views. We look forward to working with you to strengthen and aid our Nation's inner cities and Indian reservations.

Sincerely,

DANIEL K. INOUYE,
Chairman.
JOHN MCCAIN,
Vice Chairman.

DEATH OF BROTHER GREGORY NUGENT, F.S.C.

Mr. D'AMATO. Mr. President, the passing of a saintly man deserves our acknowledgement; even as we worry and toil about so many megaissues, we need to reflect on what some other has made of his mortal toil in service to his people and his God.

My good friend, Myles Ambrose, has shared the requiem homily given a week ago by Father William Byron, S.J., president of The Catholic University of America in tribute to Brother Gregory Nugent, F.S.C. Its spirit and simple elegance reflect the man and invite our respect of his life among us.

Mr. President, I ask unanimous consent that the full text of Father Byron's homily be printed in the RECORD at this point.

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

ONE GOOD APPLE

(Homily Delivered by William J. Byron, S.J., at the Mass of Christian Burial for Brother Gregory Nugent, F.S.C., Basilica of the National Shrine of the Immaculate Conception, June 24, 1992)

The Texts: Job 19:23–27; Responsorial Psalm 103:8, 11, 13–14; Romans 5:17–21; Matthew 11:25–30.

The best summary description of the person and life of Brother Gregory Nugent is the simple assertion that he was a saint. I worked with him closely on a daily basis for ten years. I had breakfast with him every day. He was friend, counselor, helper, adviser, and assistant in any way, at any time, in any circumstance that provided an opening for his generous service. I knew him well. He was a saintly man.

"Come to me, all you who are weary and find life burdensome, and I will refresh you. Take my yoke upon your shoulders and learn from me, for I am gentle and humble of heart. Your souls will find rest, for my yoke is easy and my burden light."

The only portion of that comforting message, from Jesus to all of us, that does not apply to Brother Gregory, is the reference to finding life "burdensome." If he did, he never showed it; he was unfailingly cheerful, always concerned with easing the burdens of others, reluctant to the point of resistance when it came to having others lighten the load that happened to be his.

But he did indeed "learn from" Jesus. He understood what it meant to be "gentle and humble of heart." Nor did he misunderstand the meaning of the earlier and widely repeated translation of that phrase, "meek and humble of heart." He knew that meekness is not weakness; he knew that true humility is never timidity. He was a self-effacing man of compassionate courage. He was a saint.

I chose the second reading, the selection from the fifth chapter of Paul's Letter to the Romans, for inclusion in this liturgy in order to make a point that will help us to reflect on the unseen "value added" to our world through the presence in our midst of Brother Gregory. We have all been warned since childhood that "one bad apple can spoil the barrel." But we tend not to appreciate the potential for positive influence of one good apple. The point is one of profound theological significance. Saint Paul makes it well in his Letter to the Romans: "To sum up, then," writes Paul, "just as a single offense brought condemnation to all men [and women], a single righteous act brought all [of us] acquittal and life. Just as through one man's disobedience all became sinners, so through one man's obedience all shall become just."

The reference, of course, is to the sin of Adam and the redemptive sacrifice of Christ. The "bad apple"/"good apple" comparison was made some years ago by a Jesuit priest-poet, Father Edward Cuffe, who taught at St. Andrew-on-Hudson in Poughkeepsie, New York. I once heard him say that Jesus was the "one good apple" who saved the whole barrel of humanity. And I want to say today, with Brother Gregory in mind, that those who follow Jesus, who take His yoke upon their shoulders, who learn from Him, and in patterning their lives after Him become "gentle and humble of heart," they participate in the mysterious potential for good on the "one good apple." They witness to Christ. Their lives make Christ's life audible, and tangible, and visible in our midst. But there is more to it than that. Through time, and because of them, God chooses to multiply His unseen grace in our world. No one of us could begin to calculate, or have any natural way of knowing, the extent of the impact of God's response to and through the earthly life of Brother Gregory Nugent for the distribution of divine love and saving grace in our world.

As Paul explained it to the Romans, "despite the increase of sin, grace has far surpassed it, so that, as sin reigned through death, grace may reign by way of justice leading to eternal life, through Jesus Christ our Lord." This just man, Gregory Nugent, through his thoughtfulness, courtesy, competence, generosity, patience, gentleness, commitment, and self-effacement, participated in this redemptive mission of Jesus.

He was, of course, a Christian Brother, a spiritual son of St. John Baptist de La Salle, a Brother of the Christian Schools. His religious vows of poverty, chastity, and obedience anchored him to Christ and freed him up to work with a worldwide fraternity of like-minded men committed to the Christian education of youth. His work here at The Catholic University of America, first as Trustee and later as Assistant to the President and Secretary of the Board of Trustees, was an extension of his successive service as professor, dean, academic vice president, and president of Manhattan College in New York.

It was there, at Manhattan College—if I might be permitted to lift some phrases from the first reading you heard today, the selection from the Book of Job—that Gregory's words "were written down," ". . . inscribed in a record," ". . . cut in the rock forever." And it is here on his campus that his memory will be enshrined in a building that bears his name. But the recording of achievements and the establishment of memorials were not high on the list of priorities that guided the life of this very good and completely decent man. He spoke to us all, at one time or another in his eight decades of life on this earth, always wisely, ever gently, and most often through example. I want now to let him speak to you the closing words of this homily as I place on his lips the concluding words of the selection you heard earlier from the Book of Job:

"But as for me, I know that my Vindicator lives, and that he will at least stand forth upon the dust;

Whom I myself shall see: my own eyes, not another's, shall behold him,

And from my flesh I shall see God; my inmost being is consumed with longing."

He longs no more. His work is over. We are blessed to have known him.

A TESTAMENT OF COURAGE: THE LIFE OF MATTHEW FINK

Mr. DURENBERGER. Mr. President, I wish to share with my Senate colleagues the story of Matthew Fink, a red-haired toddler in my home State of Minnesota.

The story being 2 years ago, on June 6, 1990, when Matthew went to bed with the kind of sickness that every happy, healthy child occasionally has. His mother, Cheri Fink, had taken him to the doctor, who advised Tylenol to reduce his fever. She set her alarm to check him at 3:15 a.m., and he seemed less feverish.

By 7 a.m., Matthew was almost dead. His small body turned blue from lack of oxygen, his blood pressure was extremely low and he was suffering seizures. An ambulance raced to the hospital, where a dozen medical personnel struggled to keep him alive. The complexity of the crisis astounded the doctors. One said later that Matthew was perhaps the sickest child he had ever taken care of. For 5 days it was touch and go whether Matthew would make it.

Unknown to everyone, Matthew had been born without a spleen. When he sustained this otherwise routine infection, he did not have a spleen to help fight it. The infection invaded every part of him. His body, in self-defence, kept blood flowing to his brain and heart but reduced the flow of nourishment to his arms and legs.

It became obvious that even if he lived, Matthew's limbs would die.

Twelve days after he became ill, Matthew was still alive but doctors had to amputate both legs and both arms. Matthew spent 2 months in hospital, in pain and undergoing more operations. His parents, Andrew and Cheri, could not snuggle him, because his skin was too tender and he was attached to so many machines.

According to an excellent article in the Star Tribune, friends of the family suggested it might have been better if God had taken young Matthew. His grandmother's reaction is, "If it were your baby or someone else's baby, I might think that. But not Matthew."

For Matthew's father, "Matthew is not his extremities. That is how we felt. I would much rather have Matthew back without his arms and legs than to lose him."

Yet the family faced—and faces—enormous challenges. Matthew needs artificial limbs, more operations, occupational and physical therapy. He suffers from frequent infections, each of them a threat because of his missing spleen.

Matthew first came to my attention through a staff member of mine in Minnesota, Mary Edwards. She had attended church services with Matthew and his family during the early days of the gulf war. Matthew's father was ordered to active duty, but when we made the Department of Defense aware of the special circumstances, they allowed him to remain with his family.

Today, Matthew is the healthiest he has been in 2 years. He uses his artificial arms to feed himself, to paint and play games. He enjoys learning to read. He plays on a computer, which will be so important to his independence in the future. And he's a happy child, laughing and playful, with a beautiful smile.

Mr. President, when I think of Matthew I cannot help thinking how fragile health is for each of us. As we contemplate the future of our health care system, perhaps we should all remember, "There but for the grace of God go I." A car accident, a heart attack, a sudden illness, and our lives change suddenly and profoundly.

Matthew's family was lucky, in a sense. They had health insurance to cover the cost of saving Matthew's life and of rebuilding his world. His care has cost half a million dollars, and there are many more operations, therapy sessions, and medical devices to come. Fortunately, the Shriners Hospital for Crippled Children in Minneapolis has agreed to treat Matthew for free. It is no wonder that the Shriners hospitals are so beloved in this country.

Matthew's illness could have meant financial disaster for his family, on top of everything else they went through. Fifty million Americans—1 in 5—go without health insurance at least 1 month a year, according to the Census Bureau. If Matthew's young parents had been among them in June 1990, they now would be bankrupt and hundreds of thousands of dollars in debt.

Above all, Matthew's story is a lesson to me, and I think to all of us, of how faith, persistence, and courage can overcome great hardship. Faith, persistence, and courage by young Matthew, too young even to know what those words mean, and by his family, caregivers, and friends who worked so hard for him.

As we go about our business today, perhaps we could all give a thought to how unpredictable life can be—to be thankful for what we have—and hope that should we ever be challenged as Matthew and his family have been challenged that we will respond as well as they have.

AMERICAN BUSINESS ASSISTANCE TO THE FORMER SOVIET UNION

Mr. ROCKEFELLER. Mr. President, we are at the beginning of a new era in international relations. The bill before us today, the Freedom Support Act of 1992, responds to the historic opportunity this new era presents to the United States. For nearly 50 years, our foreign policy was largely determined by the global competition of two blocs of nations, each seeing the other as a political and military threat to its future. Now, cooperation and collective responsibility can replace competition and conflict as the basis of our foreign policy.

The integration of Eastern Europe and the independent States of the former Soviet Union into the community of democratic nations, and into the world marketplace, is a paramount challenge of this new era. Unless this assimilation is made, the nations of the region will face the profound risks of long-term economic decline, which in turn breeds inevitable violent and demagogic solutions to problems.

The needed transition can be accomplished only through economic reform based on private enterprise and market principles. And the political and economic experience of the United States enables us to make a substantial contribution to this process.

In October last year, I introduced a bill that would take advantage of our experience to help meet one of the most pressing needs of the evolving economies of Eastern Europe and the former Soviet Union. That bill, the Management Corps Act of 1991, took a Peace Corps theme and narrowed its focus by proposing governmental support for sending experienced American business professionals to the region to work directly with local managers who have little or no experience in entrepreneurship. These American experts would serve without compensation, but our bill authorizes modest funds to cover administrative overhead costs. I proposed that a nonprofit, private organization administer the Management Corps Program.

This concept was tested last year by a pilot program conducted under private auspices in Latvia. It was positively received by Latvian managers, who realized their desperate need for practical business advice about the functioning of business in a market economy. Their experience in the centrally planned Soviet system left them with significant skill and experience gaps in fundamental areas such as finance, accounting, marketing, and general management. Without this knowledge, they—and the business men and women from other nations with the same history—will find the transition to market competition very difficult.

I admit this proposal is not purely altruistic. In a broad sense, the success of economic reform in that part of the world is very much in our national interest—and the interests of the West Virginians whom I represent—because it will contribute to the region's peace and stability.

There is another reason, with even more self-interest at stake. New markets and increased exports for American businesses will be generated by economic recovery in Eastern Europe and Eurasia. Programs, such as the Management Corps can be a critical element in helping American exporters to learn about the new markets and to build long-lasting business relationships. For businesses in West Virginia and throughout the United States, this can mean not only immediate market opportunities, but also ongoing sales and service contracts for years to come.

During the Foreign Relations Committee's markup of the bill we are considering today, my colleague Senator JEFFORDS, one of the cosponsors of the Management Corps Act of 1991, offered an amendment which incorporates this concept into the Freedom Support Act. Specifically, Senator JEFFORDS' amendment, which was approved by a voice vote without dissent, broadens the use of funds authorized by the Freedom Support Act from the already worthy goals of "* * * the creation and development of private enterprise and free market systems [through] * * * training in business and financial practices, public administration, commercial law, and the rules of international trade * * *" to explicitly authorize that these goals be promoted by "* * * programs to send active American businessmen as volunteers to provide on-site advice and concrete problem solving to private enterprises in the independent States of the former Soviet Union * * *"

I want to thank Senator JEFFORDS for his support of the Management Corps Act of 1991, and to congratulate him for gaining the acceptance by his fellow Foreign Relations Committee

members of this type of program in the bill approved by the committee. In the report which accompanied the bill, the Foreign Relations Committee provided an analysis of this provision which I would like to share with my colleagues:

The committee believes that programs aimed at training business people are most likely to succeed if they continue to draw on the U.S. business community. The committee urges the administration, as it reviews grant proposals for training, to give special emphasis to programs that directly involve U.S. business people, through bringing trainees from the newly independent states to the United States to work with U.S. business people and by sending volunteer American business managers to private enterprises in the new states to provide on-site advice and problem solving.

The advantages of such programs redound not only to the trainees but also to U.S. businesses and workers. The committee believes that such programs give the American business community the chance to see firsthand the potential benefits, as well as pitfalls of doing business in the former Soviet Union, to establish networks of business connections, to find partners for joint ventures and to find markets for United States goods, thereby creating jobs for American workers.

I add my voice to those of the members of the Foreign Relations Committee who are urging that the administration give special emphasis to programs that send volunteer American business managers to work side-by-side with local managers in private enterprises in the former Soviet Union. The potential benefits to both the American and former Soviet economies greatly outweigh the modest administrative costs for this private, voluntary program.

Mr. President, I have already indicated my firm belief that we are at the beginning of a new era in international relations. The Freedom Support Act of 1992 recognizes the historic opportunity this new era presents to the United States. For the taxpayers of West Virginia and throughout the United States, this new era means we can help maintain world peace—and at the same time create business opportunities for Americans—by directing a modest amount of our resources to support economic reform based on private enterprise and market principles, instead of spending vast amounts on an arms race.

During the cold war era, lasting close to half a century and now at an end, our Federal budget reflected the fact that our international security policy was largely determined by an inimical relationship with the Soviet Union and the other members of the Soviet bloc. In the final few years of that era, we spent about $300 billion each year to maintain a strong national defense.

Now that the cold war is over, as cooperation and collective responsibility replace competition and conflict as the basis of our international security, we can maintain a strong national defense for billions of dollars less each year than we have been spending. The savings during the coming fiscal years will be, I suspect, billions of dollars and even more in subsequent years. The outlays for the programs in the former Soviet Union authorized by the Freedom Support Act in fiscal year 1993 will likely be close to the $417 million approved recently by the House Appropriations Committee.

Less than half a billion dollars instead of many times that speaks for itself. Unless we make this modest investment in the peaceful future of newly independent Republics of the former Soviet Union, we may someday again have to pay a much higher price for our international security. I do not believe we can afford to reject the fruits that our past efforts and sacrifices have finally borne. The cost of failing to act to secure a new, peaceful future is too great.

A TRIBUTE TO CHIEF PETE O'CONNOR

Ms. MIKULSKI. Mr. President, I am honored to pay tribute today to Pete O'Connor, chief of the Baltimore City Fire Department. After a decade of service as department chief, Chief O'Connor will retire on July 29 of this year. The department is sure to miss this model of dedication and community service.

Although Chief O'Connor and I have known each other for many years, I am by no means the first to recognize him for his accomplishments—his honors are numerous. The Baltimore City Fire Department has honored him with both the Distinguished Service Medal and the Meritorious Conduct Medal. He is also a recipient of the Baltimore City Police Department's Citizen's Award. Other honors include Firefighter of the Year, membership with the Governor's Emergency Management Commission, and appointment to the Maryland Fire Rescue Education and Training Commission from 1976 to 1989.

Widely recognized by the union movement as a respected leader, Chief O'Connor spent years as an active member and officer of the International Association of Firefighters. He was also noted by his fellow firefighters as having adapted easily to the transition to the role of administrator in the department. It was in this role that the chief earned plaudits from former mayor, William Donald Schaefer. Upon his appointment to the position of department chief, his predecessor, Tom Burke, referred to Chief O'Connor as "the firefighter's fire chief." He had clearly established himself as a representative, friend and support to everyone who served in the Baltimore City Fire Department.

A veteran of the U.S. Army, Chief O'Connor has demonstrated his deep commitment to the community through his efforts to protect its citizens through the use of smoke detectors. He was responsible for inaugurating free smoke detector giveaways in the city of Baltimore, as well as pushing for legislation to require the use of smoke detectors in all homes. He has also served as chair of the Combined Charities Campaign, which is part of the United Way campaign.

Chief O'Connor has also been active in the Irish community of Baltimore. He was chairman of the Baltimore St. Patrick's Day Parade Committee, and at one time served as parade grand marshall. He was also active in promoting the Irish festival and the Baltimore flower mart. He also chaired the city games for charity from 1983 to 1985. Clearly, Chief O'Connor has committed his time not only to the firefighting profession, but to the well-being of his community.

Although Chief O'Connor will retire at the end of this month, I feel certain that he will continue in the spirit of community service, and he certainly will always be remembered for his exemplary service as a firefighter and administrator. I wish him all the best in his retirement.

NATIONAL CZECH AND SLOVAK MUSEUM

Mr. GRASSLEY. Mr. President, the Czech Fine Arts Foundation in Cedar Rapids, IA, is undertaking the construction of a new National Czech and Slovak Museum and Library. It is indeed worthy of national stature, designed to house their priceless collection of artifacts from the mother country, brought to America by generations of Czechs and Slovaks.

The project includes acquisition of a key site in the midst of a well known Czech village in Cedar Rapids, construction of a humidistatically controlled environment for the artifacts and creation of a library to house an extensive collection of Czech books and research materials.

The project also includes flexible meeting rooms where educational and cultural programs can be offered to illustrate the rich artistic heritage of the Czech and Slovak cultures. Several Cedar Rapidians are teaching the language and exquisite craftsmanship to younger people across the Nation so that these skills will be preserved.

The present museum opened in the fall of 1978, and was once moved from a temporary facility to its present location on the banks of the Cedar River which winds through the community. More than 60,000 visitors have enjoyed the museum from every State in the Nation and more than 65 other countries.

The depth and variety of the museum's collection reflect the level of support it enjoys nationally. Lavish handmade laces, exquisite cutwork and em-

broidery, elaborate beadwork, and brilliant scarves and ribbons decorate the collection of national costumes from the Czechs, Moravia, and Slovak areas. There are over 40 costumes in the collection—more than in any other museum outside of Czechoslovakia.

Here, too, are richly carved pipes, lovely hand-painted porcelains, dazzling, deeply cut lead crystal and scores of other old world treasures. These were part of the culture of the Czechs, Moravians, and Slovaks who immigrated here from Central Europe during the late 19th and early 20th centuries.

The immigrant experience was arduous and the first years here were not easy. An actual two-room immigrant home has been faithfully restored to depict their lifestyle as well as many of their handmade tools.

Curators have informed the Cedar Rapids Czech Fine Arts Foundation that this is one of the most outstanding of any ethnic collections in this country.

Give the great value of this collection, the offer of touring exhibitions and the plans for special programs, the Czech Fine Arts Foundation and several other Czech groups have engaged Mr. Felix Stephen Gula of New York City to plan a new major facility. Mr. Gula is known worldwide for his architectural and exhibit work for such major clients as the State of New York, the U.S. Department of Commerce and the Smithsonian Museum among other achievements.

Several of the Cedar Rapids Czech Fine Arts Foundation and Advisory Board are acquainted with officials of the Czech and Slovak Republics who have expressed their endorsement of this fine collection and the ambitious project. They have expressed a willingness to help arrange touring exhibits that have never before left the mother country. Especially appealing to these officials is the Cedar Rapids' location, virtually in the geographic center of the Upper Midwest, where you will find many descendants of Eastern European immigrants.

The proposed museum and the continuation of the beautiful collection, enjoys the endorsement of local officials, the Governor of Iowa, community leaders, the Ministry of Education of the Slovak Republic and the Ministry of International Relations of the Slovak Republic. In March of this year it was my pleasure to introduce H.E. Rita Klimova, Ambassador Extraordinary and Plenipotentiary who accepted an award for President Havel presented by the global community of Cedar Rapids. Her Excellency expressed great enthusiasm for the collection and the foundation's efforts.

Those who know me, know that I have great esteem for my fellow Iowans, their commitment, their sense of history, their dedication to preserving traditional values and their willingness to give of their time and their money. The Cedar Rapids Czech and Slovak Museum and Library and the people associated with it are typical of the best of Iowa and its citizens. I am proud to add my name to those who endorse these efforts.

TRIBUTE TO CAPT. THOMAS J. WADSWORTH: BORN APRIL 5, 1917, DIED JUNE 3, 1992

Mr. CRAIG. Mr. President, it is with great regret that I announce to the Senate the passing of Capt. Thomas J. Wadsworth, civil defense director for Bonneville County Idaho and executive director of Bonneville County's Tricentennial Commission and Constitution Day observance.

Yes, you did hear me correctly, when I said tricentennial commission. Even though our Nation's tricentennial won't take place until the year 2076, Captain Wadsworth believed in planning ahead.

A captain in the Navy, he served in Africa and Europe during World War II, and in the Pacific during the Korean war.

In 1967, 25 years ago, Captain Wadsworth was asked by the Boy Scouts of America to organize a youth leadership training program which became known as cederbadge and varsity cederbadge. His efforts led literally to the leadership training of thousands of young men.

Just last year, as our troops returned home victorious from the gulf war, Captain Wadsworth organized the East-Idaho Welcome Home Loyalty Day parade and celebration. He impressed me then with his commitment to his younger comrades in arms, who, like him, had laid their lives on the line for their Nation.

Captain Wadsworth was perhaps best known throughout the world for his commitment to civil defense. He believed strongly that a nation that was prepared to survive a nuclear war would be prepared for any catastrophe. Fortunately, for Idaho, when the Tenon Dam burst in 1976, Captain Wadsworth's preparation paid off. Gov. Cecil Andrus awarded him a special commendation for "Distinguished and Meritorious Performance" for his heroic efforts during that disaster.

Captain Wadsworth has a deep love for the Constitution, the Bill of Rights, the Declaration of Independence, the flag and all things upon which our Nation was founded. Each month he published a 10 to 12 page newsletter full of information on civil rights and a civil defense.

His commitment to our Nation caused some of his friends to refer to him as Captain America. If our Nation has ever had a complete patriot, Captain Wadsworth was that man.

Capt. T.J. Wadsworth will surely be missed not only by his wife Fran, but by the people of Idaho and this Nation. His job can be filled, but no one can fill his legacy. His passing should cause us all to reflect upon the course we are taking this Nation. "Are we preparing for the worst, even as we hope for the best? Are we planning ahead?" Those are the questions I'm sure Captain Wadsworth would ask each of us if he were here today—and perhaps he is.

UNEMPLOYMENT RATE

Mr. PELL. Mr. President, the increase in the national unemployment rate, announced today by the Labor Department, is discouraging news.

The increase in unemployment in June means that nearly 10 million Americans are now jobless. The jobless rate has now increased sharply for two consecutive months; and the jobless rate at 7.8 percent is the highest in more than 8 years.

And in Rhode Island, according to the most recent data for the month of May, the jobless rate at 9.3 percent is worse than the national rate. Nearly one out of ten Rhode Islanders is jobless.

I hope that this latest evidence of a stalled and staggering economy will jolt the Bush administration into action. It is no longer sufficient for the administration to offer pious hopes and expressions of confidence that the economy is on its way to recovery. The increasing number of jobless Americans, in Rhode Island and across the country, just don't believe things are getting better. In their view, the Bush administration just doesn't get it, and one can hardly blame them for thinking so.

In January, after nearly a year of denying that the United States has a serious economic problem, President Bush changed course and challenged the Congress to enact an economic rebuilding program within 100 days. The Congress met that challenge, but the President vetoed the bill, just as he had previously vetoed extensions of unemployment compensation payments for the long-term jobless.

Now, once again the administration has retreated to the view that the economy is better than everyone thinks, and that worries about the economy are the result of poor press coverage.

The administration is wrong. Action is needed. The administration should remove the obstacles it has placed in the way of immediate extension of unemployment benefits. Instead of obstructing economic recovery programs of public works, education, and job training, and threatening vetoes, the Administration should sit down and work with the Congress to get the economy moving again, and to provide jobs for jobless Americans.

HOUSE APPROPRIATIONS COMMITTEE RISKS AIRLINE SAFETY

Mr. DANFORTH. Mr. President, this weekend, American families will be boarding commercial flights all over the country to join their loved ones for Fourth of July celebrations. They trust that Congress has taken steps to ensure that the plane is safe, and that their pilot is drug- and alcohol-free.

The public has had more reason to believe that their pilot is sober since 1990, when the Department of Transportation [DOT] rules first were issued requiring airline companies to randomly drug test safety-sensitive personnel. Today, the testing rate is 50 percent: Pilots know that they are likely to be tested for illegal drug use once every 2 years.

Last October after 5 years and 13 votes of approval in the Senate, random drug testing for safety critical transportation workers became the law. Also, rules mandating similar random alcohol testing are to be issued within the year.

The need for alcohol testing became clear in March 1990, when three Northwest Airlines pilots were allowed to fly while legally intoxicated between Fargo, ND, and Minneapolis, MN. Even though they were tipped off that the pilots had been drinking—the captain later admitted that he drank 20 rum and cokes the night before the flight—Federal Aviation Administration officials did not have the authority to require preflight alcohol testing.

Yesterday, public confidence in airline safety took a direct hit. The House Appropriations Committee buckled to pressure from pilots and airline representatives who say DOT's current random drug testing requirements are too expensive and too intrusive, and that adding random alcohol testing later this year will increase the burden. House appropriators agreed to guarantee that airline pilots only have to worry about being tested for illegal drug or alcohol use once every 10 years.

Is random drug and alcohol testing too expensive? At a 50-percent testing rate, the airlines estimate the cost of random testing at $12 million per year. The airlines spend 1,000 times more, $12 billion annually, on marketing alone, out of a total of nearly $80 billion in operating expenses. Replacing one 747 after a drug- or alcohol-related crash would cost $150 million, excluding law suits. We cannot afford not to have effective random drug and alcohol testing in transportation.

Is random drug and alcohol testing too intrusive? At a 50-percent testing rate, pilots can expect to be asked to provide a specimen for drug and alcohol testing once every 2 years. In order to be certified to fly, commercial pilots already must have a complete medical examination every 6 months, including urinalysis. One more urine test every 2 years is not too intrusive.

Is a 50-percent rate of random testing necessary to provide an effective deterrent to illegal drug and alcohol use in transportation? No one yet knows. The 50-percent rate has proven effective in reducing illegal drug use in transportation, but DOT is actively studying whether lower drug testing rates may be appropriate and effective under some circumstances.

DOT expects to report its findings, and to initiate a rulemaking on this subject, later this year. Limiting random testing to 10 percent before the facts are in would be highly irresponsible and risky. Setting a testing rate by law, at any level, would be shortsighted. DOT needs the flexibility to set the rate as necessary to ensure that the traveling public is safe.

The majority of airline employees are not substance abusers. However, public safety demands random drug and alcohol testing at rates that effectively deter illegal drug and alcohol use. I stand ready to act to ensure that this demand is met. The public deserves, and the airlines can afford, no less.

WALLOP-BREAUX AQUATIC RESOURCES TRUST FUND

Mr. WALLOP. Mr. President, with summer upon us, many Americans head for the outdoors. We tour our countryside on bikes. We roam through national parks and forests with backpacks. We stroll across our beaches. And we fish and swim in our bountiful rivers, lakes, and streams.

This year, a great many anglers and boaters will be pleased to find new fishing and boating facilities and older facilities in better shape than ever—projects made possible through the Aquatic Resources Trust Fund which, according to projections, will have disbursed roughly $300 million across the Nation by the end of this year.

Since the passage of the Wallop-Breaux amendments which created the trust fund, this user fee has created and improved fishing sites all over the country. It has created lakes, restored streams and wetlands and improved fish habitats. In addition, 39 States now have aquatic resource education programs that teach urban kids about the great outdoors.

For those not familiar with the Wallop-Breaux fund, revenue is collected through a user fee on motorboat fuel, as well as excise taxes on fishing equipment and imported pleasure craft.

In my home State of Wyoming, the residents of Thermopolis recently became a benefactor of these fishery funds when a new, state-of-the-art handicapped facility was unveiled on the Big Horn River. Wyoming Game and Fish Department officials were on hand to dedicate a handicapped-accessible boat ramp and dock that are believed to be a first-of-a-kind facility on a free flowing river. The new boat dock allows handicapped individuals to be lowered into their boats, and a special take-out ramp is provided downstream. The 12-acre site also includes a paved parking lot and rest rooms, and will soon have paved paths enabling handicapped anglers to fish along the banks.

Recreational activities should be open to all Americans, and by providing disabled outdoorsmen river access for fishing and boating, they, too, can engage in one of the most sublime activities—to be on the water, fishing and enjoying themselves. I know that this won't be the last project of this nature.

The Aquatic Resources Trust Fund works because the role of the Federal Government is minimal and because it is based on a cooperative partnership between States, the private sector and an enthusiastic, outdoor-loving public. It's a success story worth repeating and I'm proud to have played a part.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Time for morning business has expired.

FREEDOM FOR RUSSIA AND EMERGING EURASIAN DEMOCRACIES AND OPEN MARKETS SUPPORT ACT OF 1992

The PRESIDING OFFICER. The Senate will now resume consideration of S. 2532, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 2532) entitled the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. The Senator from Connecticut [Mr. LIEBERMAN] under the order is now recognized to offer an amendment relating to business centers.

The Senator from Connecticut.

AMENDMENT NO. 2678

(Purpose: To assist business and commercial development in the former Soviet Union)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Connecticut [Mr. LIEBERMAN], for himself, Mr. BAUCUS, Mr. ROTH, Mr. DECONCINI, Mr. GARN, Mr. BOREN, Mr. BENTSEN, Mr. DOLE, Mr. ADAMS, Mr. PELL, Mr. SIMPSON, Mr. BYRD, Mr. WOFFORD, Mr. DOMENICI, and Mr. MURKOWSKI, proposes an amendment numbered 2678.

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

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

The amendment is as follows:

On page 52, after line 13, add the following new section:

SEC. 21. BUSINESS AND COMMERCIAL DEVELOPMENT IN THE FORMER SOVIET UNION.

(a) FINDINGS.—The Congress finds that—

(1) United States jobs and competitiveness will be enhanced if American business and agriculture play a significant role in the development of market economies of the independent states of the former Soviet Union;

(2) it is in the interest of the United States that all assistance programs be structured to maximize the purchase of United States goods and services;

(3) American businesses are the key to the viable restructuring of the independent states of the former Soviet Union;

(4) active United States business participation in the commercial development of the former Soviet Union will create new markets and jobs for the United States as well as enhance development in these nations;

(5) assistance under this Act should be considered an investment in the economic future of both the United States and the independent states of the former Soviet Union;

(6) the United States Government can play an important role in assisting United States exporters in the rapidly changing and highly competitive markets of the independent states of the former Soviet Union;

(7) assistance for the independent states of the former Soviet Union should be equitably distributed within each such state, and this should include technical assistance, additional Foreign Commercial Service officers, and financing through the Overseas Private Investment Corporation, the Export-Import Bank of the United States, and the Trade and Development Program; and

(8) it is in the interest of the American business community and the independent states of the former Soviet Union for the United States Government to move expeditiously—

(A) to open up new consulates throughout such states, particularly those already scheduled to be opened; and

(B) to provide timely consideration in the issuance of visas.

(b) ADVISORY COUNCIL.—(1) The President is authorized to establish an advisory council to be known as the New Independent States Business and Agriculture Advisory Council (hereafter in this section referred to as the "Council").

(2) The duties of the Council would be—

(A) to advise the President regarding programs of assistance for the independent states of the former Soviet Union;

(B) to evaluate the adequacy of bilateral and multilateral assistance programs that would facilitate exports and investments by American firms in the independent states of the former Soviet Union; and

(C) to consult with the President periodically with respect to the matters described in subparagraphs (A) and (B).

(3) The Council should consist of fifteen members drawn from United States firms reflecting diverse businesses and perspectives that have experience and expertise relevant in dealing with the independent states of the former Soviet Union.

(4) The membership of the Council should be appointed as follows:

(A) Five members appointed by the President, one of whom the President shall designate to serve as chairman.

(B) Five members appointed by the President, upon the recommendation of the Speaker of the House of Representatives and the Minority Leader of the House of Representatives.

(C) Five members appointed by the President, upon the recommendation of the Majority and Minority Leaders of the Senate.

(5)(A) Members of the Council should receive no additional pay by reason of their service on the Council

(B) Upon request of the Chairman of the Council, the head of any United States Government agency may detail, on a nonreimbursable basis, any of the personnel of such agency to the Council to assist the Council in carrying out its duties under this Act.

(c) ALLOCATION OF AGENCY FOR INTERNATIONAL DEVELOPMENT FUNDS.—The President is authorized and encouraged to use a portion of the funds made available for the independent states of the former Soviet Union under the Foreign Assistance Act of 1961—

(1) to fund capital projects, including projects for telecommunications, environmental cleanup, power production, and energy related projects; and

(2) to fund intermediary industrial goods and other consumables in order to promote self-sufficiency.

(d) EXPORT FINANCING AND PROMOTION.—(1)(A) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the Export-Import Bank of the United States, the Trade and Development Programs, and the Overseas Private Investment Corporation (hereafter in this section referred to as "OPIC") such sums as may be necessary to carry out this Act, including—

(i) the provision of commercial and technical assistance, implemented in cooperation with United States businesses on a cost-sharing basis, which, to the maximum extent feasible, would support the identification and development of priority sectors in the independent states of the former Soviet Union, including defense conversion, energy, energy efficiency, environmental protection, nuclear safety, agriculture, food processing and distribution, pharmaceuticals, transportation, telecommunications, education and training, and industrial and infrastructure modernization; and

(ii) the provision of support for projects undertaken by United States business on the basis of partnership, joint venture, contractual, or other cooperative agreements with appropriate entities in the independent states of the former Soviet Union.

(B) Amounts authorized to be appropriated by subparagraph (A) are authorized to remain available until expended.

(2) The Export-Import Bank of the United States is authorized to use the maximum amount of flexibility in supporting projects in the independent states of the former Soviet Union, including using project financing or other appropriate financing arrangements, in addition to flexibility otherwise authorized under this or any other Act.

(3) OPIC is authorized to use the maximum amount of flexibility with its programs, including coverage of contract frustration by government or private sector entities in the independent states of the former Soviet Union, in addition to flexibility otherwise authorized under this or other Acts.

(4) The President is authorized and encouraged to direct the Export-Import Bank of the United States, OPIC, TDP, the Agency for International Development, and the Department of Commerce to coordinate through the Trade Promotion Coordinating Committee their efforts in assisting American businesses and the independent states of the former Soviet Union, and such agencies and entities are encouraged to develop common eligibility criteria, to the extent possible, for operating their programs in the independent states of the former Soviet Union.

(e) DEPARTMENT OF COMMERCE.—(1) The Secretary of Commerce should—

(A) provide technical assistance to the independent states of the former Soviet Union through programs and projects for business and commercial development, including demonstration projects, especially in priority sectors described in subsection (d)(1)(A)(i), business consortia, business training and exchange programs, binational business development committees, the development of product standards, and the cost of preparing business opportunity profiles of those states using both United States private sector and local expertise;

(B) expand the Foreign Commercial Service in the independent states of the former Soviet Union, including the business centers described in this Act;

(C) develop a center to assist United States small- and medium-sized businesses in entering the commercial markets of the independent nations of the former Soviet Union, and to the maximum extent possible, the Department of Commerce should contract with a United States expert organization with proven experience in trade relations with the independent nations of the former Soviet Union to assist with the functioning of this center; and

(D) submit a report to Congress twelve months after the date of enactment of this Act, and annually thereafter, which will analyze the programs of other industrialized nations to assist their firms with their efforts to transact business in the independent states of the former Soviet Union and will include an examination of the trading practices of other OECD nations, as well as the pricing practices of transitional economies, that may disadvantage United States firms.

(2)(A) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the Secretary of Commerce such funds as may be necessary to carry out this subsection.

(B) Funds authorized to be appropriated by subparagraph (A) are authorized to remain available until expended.

(f) UTILIZATION OF ENERGY WORKING GROUP.—(1) The Trade Promotion Coordinating Committee should utilize its interagency working group on energy to assist American energy sector companies to develop a long-term strategy for penetrating the energy market in the independent states of the former Soviet Union.

(2) The energy working group should—

(A) work with officials from the independent states of the former Soviet Union in creating an environment conducive to United States energy investment;

(B) help to coordinate assistance to American companies, particularly defense companies, involved with projects to clean up former Soviet nuclear weapons sites and commercial nuclear waste; and

(C) work with representatives from American business and industry involved with the energy sector to help facilitate the identification of business opportunities, including the promotion of environmentally sound oil, gas, and clean coal technology and products and energy efficiency and the formation of joint ventures between American companies and companies of the independent nations of the former Soviet Union.

(g) POLICY ON REPAYMENT OF DEBT.—It is the sense of the Congress that the independ-

ent states of the former Soviet Union should address the issue of repayment of overdue commercial debt and other commercial obligations, including the recognition and availability of hard currency obligations of agencies of the former Soviet Government to American businesses.

Mr. LIEBERMAN. Mr. President, most Americans understand the security risks of not helping the nations of the former Soviet Union. After all, we stood for years facing Soviet missiles, thinking we might have to send our nuclear missiles over toward them. We understand, I think, the importance of sustaining the democratic governments that have courageously come to the leadership of the nations of the former Soviet Union.

But I think the American people are sometimes less aware of the positive economic benefits of helping these nations. That is the intention of the amendment that I am proposing here this morning.

We just heard a discussion of the alarming increase in unemployment in this country. I hope—and I share the concern my colleagues have expressed here today—this amendment will send a message that one of the things this Government has to do is to help American businesses take advantage of the enormous opportunities that exist in the nations of the former Soviet Union which can mean jobs here at home. It is not just going to happen, we have to make it happen.

Today, the German Government, the Italian Government, and the Japanese Government are helping their businesses take advantage of these vast new markets. Unfortunately, our Government has been much more timid. And the purpose of this amendment is to make our Government more aggressive in support of our business community's activities over there.

Foreign aid is, obviously, a politically charged program. It is never a very popular program and particularly so in an economic recession such as we are in now. That is why I think, as we enter this new post-cold-war world, we have to redefine foreign aid, making sure it is directed toward our own economic interests.

The way in which we support the Republics of the Soviet Union provides us with a wonderful opportunity to begin to make that redefinition. The fact is, the market potential for U.S. goods and services in these new nations is vast. The people of the former Soviet Union need just about everything: Consumer goods and services, infrastructure, and the most basic of all needs—food. But many of the former republics are very rich in natural resources which means they can pay for their own development.

Just as important, and perhaps historically ironic, as I talk to business people from the former Soviet Union, diplomats, politicians, I am struck by how much they want American products, American services, American advice. It is an irony of the post-cold-war world that they emerge from this 45-year period of conflict with, in some ways, a feeling of warmth toward the American people, in some ways more than they have toward some of their neighbors. That is why I think we have a unique opportunity here—long-term investment.

In the case of energy and agriculture, however, the payoff can be almost immediate. Oil exports can finance economic recovery, and a privatizing agricultural sector could drive economic reform in the former Soviet Union, and we, by helping American business, can help to make that happen.

If we help American companies enter these emerging markets, we are going to create income and jobs here at home. Then I think we can assure the American people that for every dollar invested in an assistance program in the nations of the former Soviet Union, we are going to enjoy a dividend of many dollars many times over. That is why it is in our self-interest to support these nations now.

Mr. President, we expended too much time, too much energy, too much money to win the cold war for us to now lose the fruits of our victory in peace. It is time to take advantage of that victory.

Former President Nixon, who has provided extraordinary leadership in this area, wrote in the New York Times recently that "foreign aid is only a small part of the solution. Our primary goal should be to unleash the American private sector's potential investment in Russia's private sector."

President Nixon could not be more correct. That is the purpose of the amendment which I am proposing today, along with my colleagues, Senators BAUCUS, ROTH, DECONCINI, GARN, BOREN, BENTSEN, DOLE, ADAMS, PELL, BYRD, SIMPSON, and DOMENICI—to help get America's private sector more involved in the rebuilding of the nations of the former Soviet Union which is going to be good for them and good for us.

Let me indicate some of what this amendment would do.

First, it would establish a special Presidential business advisory council that would regularly consult with the President on the effectiveness of our assistance programs to the nations of the former Soviet Union. If we are going to reply on the private sector, let us bring them in and help us plan a strategy of investment.

This amendment has emerged from conversations I have had with businesses in Connecticut and throughout the country. We have worked closely with the business community in crafting the amendment, and I am proud to say that it enjoys the enthusiastic support of the National Association of Manufacturers, of the U.S. Chamber of Commerce, of the National Foreign Trade Council, and of the Coalition of Employment through Exports.

It also enjoys the support of many companies who see potential in the market of the former Soviet Union, including United Technologies, ABB, Combustion Engineering, AT&T, DuPont, Monsanto, and Honeywell.

The purpose of the special business advisory council that the amendment sets up is to keep the American business community involved in our program of investment and growth.

Second, the amendment stresses the need for export promotion and financing by emphasizing the role of the U.S. Export-Import Bank, the Trade and Development Program and OPIC in the restructuring of the economies of the former Soviet Union.

We encourage and authorize these agencies to use maixum flexibility in applying their programs which are so critical to the ability of American business to do business in the former Soviet Union.

We also try to involve the Department of Commerce, specifically the International Trade Administration, in this process by recommending that they take the lead on business development programs. Commerce has developed some creative programs already for Eastern Europe and by and large has the confidence of our business community on how best to get them involved in the region.

In keeping with the efforts of Senators BOREN, BENTSEN, BAUCUS, BYRD, and myself to get USAID to fund more capital projects that are more likely to create business and jobs at home, this amendment exhibits a bias in favor of AID funding of capital projects in the nations of the former Soviet Union. In other words, these are not going to be foreign aid giveaway programs. These are going to be programs that are tied to American exports that are investing in infrastructure growth, in such projects as telecommunications and power generation systems, all of which will come back to American businesses and workers who will be asked to meet that demand.

Finally, Mr. President, the amendment encourages the work group on energy issues within the Trade Policy Coordinating Committee to help American companies take advantage of the unique and extraordinary potential for developing the energy sector in many of the nations of the former Soviet Union. They have the resources but lack the equipment and the technology to realize the full potential of their energy sector.

American companies have the equipment, the technology, and the expertise. By helping the people of the Soviet Union take advantage of those American strengths, we are also going to enable them to pay for their own economic restructuring by developing their vast natural resources.

Mr. President, this amendment is about using foreign aid dollars to create jobs at home in America. In that recent statement of former President Nixon which I quoted earlier, he describes a conversation he had with Dwayne Andreas, the chairman of Archer-Daniels-Midland, who said to President Nixon that once it is clear that the process of creating an economic environment conducive to private sector investment in the Soviet Union is irreversible, then the private sector of America will be willing to put in hundreds of billions of dollars in new investment because they will see that it is in their and our interest.

That is the condition, that is the irreversibility toward which this bill and this amendment strives.

Mr. President, I want to thank all from within the Senate, the Congress, and outside who helped put together this amendment which is truly a collective effort.

I ask unanimous consent that letters in support of the amendment from the business groups that I cited, as well as a side-by-side comparison of the amendment prepared by the U.S. Chamber of Commerce be printed in the RECORD.

I yield the floor.

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

NATIONAL FOREIGN TRADE COUNCIL, INC.,
Washington, DC, June 22, 1992.

Hon. JOSEPH I. LIEBERMAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR LIBERMAN: I am writing to urge you to support an amendment to the "Freedom Support Act" being offered by Senators Lieberman, Baucus, Roth, DeConcini, Garn, Boren and Bentsen.

As Presidents Bush and Yeltsin both stressed during last week's summit meeting, the private sector will play the decisive role in creating a market economy in the republics of the former Soviet Union. This amendment will strenghten the business facilitation programs of the U.S. government and thereby give stronger support and encouragement to the private sector to trade and invest. The bill would, among other things:

Create a mechanism for senior private sector evaluation of aid programs;

Promote technical assistance to promising private sector projects;

Assist small and medium-sized U.S. enterprises interested in doing business in the former Soviet Union;

Authorize use of AID funds for capital projects for U.S. companies in areas identified at the January multi-lateral summit as priority sectors.

This amendment is consistent with the objectives of the Freedom Support Act and makes it more likely that those objectives will be achieved.

The National Foreign Trade Council, which is comprised of 500 member companies engaged in international trade and investment, urges, therefore, your support both for this amendment and for the Freedom Support Act.

Sincerely,

FRANK D. KITTREDGE,
President.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, DC, June 19, 1992.

Hon. JOE I. LIEBERMAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR LIBERMAN: Russian President Boris Yeltsin's speech before the Joint Session of Congress underscored what has been a primary concern of U.S. Business. We believe it is most appropriate and timely that the Senate move expeditiously on immediate passage of the FREEDOM Support Act (S. 2532). As I indicated in my letter to you of June 9, the U.S. Chamber Federation of local and state chambers of commerce, businesses, and associations strongly supports this bill; however we believe that its implementation would be much enhanced with the inclusion of a stronger role for the U.S. business community. This would be accomplished by incorporation of the language in a proposed amendment by Senator Joseph Lieberman.

Enclosed are copies of the Chamber Federation positon statement and a one-page summary of prevalent myths on this issue that we have disributed to the press and our network of local chambers of commerce.

The first official summit between Presidents Bush and Yeltsin this week resulted in a number of historic agreements important to both national security and economic concerns. The U.S. business community stands ready to play a leading role in economic reform and transformation to a market economy, thus strengthening democracy in the former Soviet Union and increasing exports and creating more jobs here in America. To be able to do this, U.S. business needs the FREEDOM Support Act. I urge you once again to pass this legislation promptly.

Sincerely,

WILLIAM T. ARCHEY.

U.S. CHAMBER OF COMMERCE POSITION ON THE FREEDOM SUPPORT ACT

The U.S. Chamber of Commerce, the world's largest business federation, supports the Freedom Support Act (S. 2532/H.R. 4547), but believes that improvements are warranted. These improvements are intended to strengthen the role of the U.S. business community in assistance efforts, as well as to provide U.S. companies with the support they need to become involved in this enormous market.

The Chamber advocates a bill that:

Provides a dominant role for American business in the technical assistance that is vital to the success of the program in general and to participating individual companies in particular.

Strengthens U.S. trade and investment promotion activities, especially those concerning export and investment financing, guarantees and insurance:

Extends U.S. business-U.S. government cooperation through the expansion of U.S. Trade and Development Program, Export-Import Bank, and the Overseas Private Investment Corporation programs for commercial and technical assistance projects in partnership with U.S. businesses;

Ensures that special consideration be given for U.S. business projects on the basis of cooperation agreements with entities in the independent states of the former Soviet Union;

Mandates the establishment of a business and commercial development fund by the U.S. Department of Commerce to support technical assistance program and projects;

Expands the Foreign Commercial Service in the region.

Has language that closely links the coordination and activities of involved government agencies to the American business expertise through a private sector advisory council.

Provides increased U.S. contributions to the International Monetary Fund.

Creates a multilateral investment guarantee agency specifically for the independent states of the former Soviet Union.

Repeals the Jackson-Vanik Amendment to the 1974 Trade Act that links trade to emigration policies.

The Chamber believes that if American business and agriculture play a significant role in the development of market economies of the independent states of the former Soviet Union, U.S. jobs will be created and American competitiveness in the international marketplace will be improved.

MYTHS CONCERNING CURRENT U.S. LEGISLATION ON ASSISTANCE TO THE FORMER SOVIET UNION

Myth: The legislation to aid the former Soviet Union reinforces the omnipresent big business-government collusion which centrally plans the U.S. economy—also known as industrial policy—benefiting directly only big business.

Fact: The legislation will help U.S. companies compete more effectively in the countries of the former Soviet Union with their European and Asian competitors. U.S. business, in this market of some 290 million people, pays dividends to Americans in more exports and more jobs for the American workers, farmers and service providers who will supply the equipment, components, agricultural and food products and services to this newly opened part of the world. The Freedom Support Act serves U.S. companies—large and small; it contains a specific provision for a center to assist small and medium-sized businesses.

Myth: Elitist corporate America sees American workers as "too dumb to know how to spend their own money." [P. Schlafly, Washington Times]. U.S. taxpayers are bailing out the former Soviet Union and U.S. corporations, at the expense of other segments of society.

Fact: Commercial assistance and development programs for the former Soviet Union affect the broadest segments of our economy and society. Increased trade would benefit American workers by offering enlarged employment opportunities. Moreover, aid through trade is the most cost-effective way to help reforms in the former Soviet Union, as well as benefiting U.S. strategic economic interests. American companies have a pivotal role to play, not only through increased trade and investment, but also through training workers, managers, suppliers, and consumers in the day-to-day basics of market economics.

Myth: U.S. government is being taken for a ride by guaranteeing—through OPIC, Eximbank and the Commodity Credit Corporation—risky deals that no commercial bank would even think of touching.

Fact: Export and investment financing, guarantees and insurance are of key importance in the ability of American firms to be competitive with European and Asian businesses. Now, to get access to European government programs our companies are forced to source from their foreign subsidiaries for products the Russians would prefer to have made in America. Legislation such as the Freedom Support Act would help give U.S. companies the assurance/insurance they need to successfuly hold on to and increase their market share for American-made products.

Myth: The West has won the Cold War. We need to redirect our focus away from the former Soviet Union, and start using the "peace-dividend" at home.

Fact: In order to ensure continued progress towards a market economy and political reform, the U.S. must continues to provide a strong message, backed by our financial assistance. It would be ironic to forsake the benefits of the trillions of dollars spent on defense for the lack of a few million dollars in assistance to the independent states of the former Soviet Union.

Myth: The International Monetary Fund quota increase would further tax the American people, while pouring endless dollars down a bottomless pit.

Fact: American dollars allocated to the IMF are investments in assets, which the United States owns and can use as leverage to promote economic reform and open markets for U.S. job-creating exports into the former Soviet Union. The IMF is a monetary institution—it swaps assets. For every penny of U.S. money lent by the IMF, the U.S. earns market-related interest.

NATIONAL ASSOCIATION
OF MANUFACTURERS,
Washington, DC, June 16, 1992.

Hon. JOSEPH I. LIEBERMAN,
U.S. Senate, Washington, DC.

DEAR SENATOR LIEBERMAN: The National Association of Manufacturers believes that the "Freedom for Russia and Emerging Eurasian Democracies and Open Marks Support Act," S. 2532 is potentially important legislation, and is prepared to support it. We would support it with far greater enthusiasm, however, if it contained as a separate section your excellent amendment on "Business and Commercial Development in the Former Soviet Union."

From our perspective, your amendment, if adopted, would be the most profound element of this legislation. S. 2532 as a whole has to do with the external responses of the United States and others to the dramatic changes in the former Soviet Union which have occurred over the last three years. Your business and Commercial Development Amendment addresses the changes that America itself must make if it is to prosper in the decades ahead. The clear statement in this amendment that "active United States business participation in the commercial development of the former Soviet Union will create new markets and jobs for the United States . . ." represents the kind of insight that is central to future prosperity of the United States.

Your amendment begins the process of forging a new business-government partnership in the United States. If properly pursued, that partnership will quicken the pace of development in the former Soviet Union and ensure the perpetuation of American commercial competitiveness long into the future.

In this regard, we believe it is especially important:

That the findings in the proposed new section clearly state that U.S. jobs and competitiveness will be enhanced if American manufacturers play a significant role in the development of the former Soviet Union;

That the President be encouraged to use Agency for International Development funds for capital projects and for the purchase of certain [American supplied] industrial goods by Russian enterprises;

That new funds be authorized for EximBank, the Overseas Private Development Corporation, and the Trade Development Program. Each of these agencies has the ability to reduce the risks of doing business abroad and so make American firms more competitive in the risky environment of the former Soviet Union;

That technical assistance for Russia be understood in terms of the tremendous technical capabilities of American industry and that the U.S. government be prepared to support innovative industry projects in Russia, whether wholly new or already in progress;

That the Administration publish regular, in-depth reports on what other countries are doing to support their national firms operating in Russia and in the other CIS countries;

That the U.S. Government's ability to assist American firms be strengthened in a number of ways, including the establishment of a special advisory council to the President, an expansion of the Foreign Commercial Service effort in CIS countries, more U.S. consulates in those countries, and the development of a Commerce Department business center here in the United States designed to help firms engaged in or planning commercial activities in Russia and other countries of the former Soviet Union; and

That every effort be made to minimize the problems that inevitably accompany expanding commercial relationships, such as pricing disputes and problems of non-payment.

These are all excellent provisions, but it is important to remember that, for many firms and for the United States as a whole, they are at best a bare minimum, the rudimentary beginnings of a competitive partnership. As a rule of thumb, others do more. Th reasons for this are not obscure. Because of America's responsibilities for the defense of the West in the post-World War II era, our country has been relatively less able than others to focus its energies on international business. By identifying the U.S. commercial interests affected by economic developments in the former Soviet Union, your amendment contributes to America's own adjustment to a new world. It has our full support.

Sincerely,

JERRY J. JASINOWSKI,
President.

BUSINESS FOR U.S. TRADE
WITH CIS REPUBLICS,
Washington, DC, June 16, 1992.

Hon. JOSEPH I. LIEBERMAN,
United States Senate,
Washington, DC.

Dear SENATOR LIEBERMAN: We are writing to ask your support of an amendment to S. 2532, the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act," to be offered by Senators Lieberman, Baucus, DeConcini, Boren, Roth and Garn when the bill is considered by the Senate.

The purpose of this amendment is to facilitate the crucial role of the U.S. private sector in the development of market economies in the former Soviet Union. Such facilitation will enhance the opportunities for U.S. business in this important emerging market and lead ultimately to the creation of jobs in the United States. The amendment would:

Create a business and agriculture advisory council to evaluate on an ongoing basis the contribution to investment and exports by U.S. firms of bilateral and multilateral aid programs;

Authorize additional funds for Eximbank, OPIC and the Trade and Development Program to facilitate commercial and technical assistance in cooperation with U.S. business on a cost-sharing basis and to support promising appropriate projects;

Authorize use of AID funds for capital projects for U.S. companies especially in priority sectors, and for certain critical exports which support self-sufficiency;

Authorize the Department of Commerce to provide technical assistance, expand the Foreign and Commercial Service in the Republics, and help small and medium-sized U.S. businesses to enter that market.

The Freedom Support Act is an important step toward helping these new republics develop market economies. We believe this amendment will considerably strengthen its effectiveness in achieving that objective and we urge your support for it.

American Committee on U.S.-CIS Relations, Coalition for Employment through Exports, Emergency Committee for American Trade, National Association of Manufacturers, National Foreign Trade Council, U.S. Chamber of Commerce, U.S. Council for International Business.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, DC, June 9, 1992.

Hon. BROCK ADAMS,
U.S. Senate, Washington, DC.

DEAR SENATOR ADAMS: The U.S. Chamber of Commerce would like to bring to your attention some issues concerning S. 2532—the Freedom Support Act—on assistance to the independent states of the former Soviet Union. The Chamber supports S. 2532, but believes that improvements are warranted. These improvements are intended to strengthen the role of the U.S. business community in assistance efforts, as well as to provide U.S. companies with the support they need to become involved in this enormous market.

We expect Senator Joseph Lieberman to sponsor an amendment designed to strengthen various U.S. trade and investment promotion initiatives. This amendment would augment programs by the U.S. Department of Commerce, the U.S. Trade and Development Program, the Overseas Private Investment Corporation, and the Export-Import Bank of the United States in cooperation with U.S. businesses. It would also back projects undertaken by U.S. business on the basis of cooperation agreements with appropriate entities of the nations of the former Soviet Union. The proposed amendment also envisages a support center for small and medium-sized businesses.

The dominant role of American business in technical assistance is vital to the success of the assistance program in general and to individual companies in particular. While we support the sections of the act that seek to promote the involvement of the private sector, language is also needed to link the coordinating and administrating activities of the agencies themselves more closely to American business expertise. Such expertise should be formalized in a private sector advisory council as proposed in Senator Lieberman's amendment.

There is nothing less at issue here than the shaping of human society. The United States cannot afford to lose this occasion to assist these developing nations, nor should we pass up the chance to enter a potentially huge market of over 290 million people. More exports mean more production, which in turn means more jobs. The U.S. Chamber encourages you to work together to pass this legislation expeditiously.

Sincerely,

WILLIAM T. ARCHEY,
Senior Vice President.

U.S. CHAMBER OF COMMERCE—BUSINESS LANGUAGE IN THE FREEDOM SUPPORT ACT

Freedom Support Act—S. 2532 (as introduced)	S. 2532 (as marked up by committee)	Lieberman amendment
Involves U.S. private sector through activities such as trade missions, business consortia, a central information clearinghouse, information networks, special programs for small/medium-sized business.	Emphasizes private and voluntary organizations' activities, through training by volunteer business people, existing agencies (i.e. USIA, NED, CDC), and exchanges.	Mandates Department of Commerce's development of programs and projects for business and commercial development, including through business consortia, business training, exchange programs, bi-national business development committees, development of product standards and feasibility studies using U.S. and local business expertise, and special programs to assist small/medium-sized businesses to enter commercial markets in the states of former Soviet Union. Expands the Foreign Commercial Service in all the states of the former Soviet Union, especially through business centers. Benefit for Business: Provides a concrete framework to help U.S. small and large companies penetrate this new market and predisposes potential partners there to buy American.
One or more Enterprise Funds and a Eurasia Foundation to provide funds for management and economic training and technical assistance, including assistance for demonstration projects by American businesses.	Same	Establishes a Business/Agribusiness Advisory Council to advise the President on assistance programs for the nations of the former Soviet Union and to evaluate programs. Made up of members from the private sector. Benefit for Business: Provides a direct role for U.S. business in government policy and program advice. Encourages AID to fund capital projects and the export of intermediary industrial and consumer goods to promote self-sufficiency in independent states. Benefit for Business: Ensures aid through trade.
Technical assistance for independent states of the former Soviet Union to help normalize economic relations and increase trade, including seminars on MFN and GSP.	Expands trade and investment relations between US business and the states of the former Soviet Union through information networks, American Business Centers (as in Warsaw), and other "business incubator" services.	Authorizes commercial and technical assistance through OPIC, TDP, and Exim to be implemented in cooperation with American businesses on a cost-sharing basis to help identify and develop priority sectors in former Soviet Union. Special support to be given by Exim, TDP, and OPIC for U.S. business ventures in the area. Both Exim and OPIC are authorized to use maximum amount of "flexibility" with their programs. Exim programs to include project finance, barter, and countertrade; OPIC's programs to include coverage of contract frustration by government or private sector. Benefit for Business: Sets the financing and insurance mechanisms to allow U.S. companies to be competitive in this market of 290 million potential consumers.
Language suggesting coordination of activities, though does not spell out how.	No coordination language	Programs by Exim, TDP, and OPIC to be coordinated through the Trade Promotion Coordinating Committee and to share common eligibility criteria. Otherwise, authorizes Commerce to allocate funds for programs. Benefit for Business: Guarantees U.S. companies a "one-stop shop" for trade facilitation.
Appropriations: sums as necessary as well as through the Foreign Assistance Act, the SEED Act, and loan guarantees.	Same	Same.
IMF quota increase by 8,608,500,000	do	Other: Establishes an energy coordinating committee through the Trade Promotion Coordinating Committee to help US energy sector develop market strategy.
$3 billion currency stabilization fund(s)	do	Benefit for Business: Enhances the U.S. energy and environment industries' competitive edge in this mammoth market. Calls on independent states to be responsible for commercial debt and other commercial obligations to American businesses.
Reduction of COCOM restrictions		Benefit for Business: Gives U.S. companies added leverage to ensure that debts owed to them will be paid.

SUMMARY OF THE LIEBERMAN, BAUCUS, ROTH, DECONCINI, GARN, BOREN, BENTSEN, DOLE, ADAMS, PELL, BYRD, SIMPSON, AND WOFFORD AMENDMENT TO S. 2532, THE FREEDOM SUPPORT ACT

Findings—The findings emphasize the important role that the American business community can play in creating jobs back home, while attempting to assist the nations of the former Soviet Union.

Advisory Council—The President in consultation with Congress is authorized to establish a business advisory council, whose purpose it would be to advise and consult with the President regarding the effectiveness of assistance programs that would facilitate exports to an investment in the nations of the former Soviet Union.

Agency for International Development—The President is authorized and encouraged to fund capital projects—such as telecommunications, environmental cleanup, and power production—in the nations of the former Soviet Union.

Export Financing and Promotion—The Export-Import Bank, the Trade and Development Program (TDP), and OPIC are encouraged to support projects that are in keeping with the objectives of the Act and to use maximum flexibility, while remaining financially prudent, in the implementation of their programs. Eximbank, OPIC, and TDP are also encouraged to coordinate their efforts through the Trade Promotion Coordinating Committee.

Department of Commerce programs—The Department of Commerce is authorized to establish a number of programs to assist businesses, particularly small and medium sized businesses, in keeping with the type of programs that it has established for the nations of East Central Europe. This section also encourages the expansion of the Foreign Commercial Service throughout the region. Finally, it calls for a report from Commerce on the effectiveness of assistance programs of other nations to help their business community and to look at potential obstacles for American trade and investment in the region.

Energy Working Group—The Trade Promotion Coordinating Committee is encouraged to utilize its energy working group to assist American energy sector companies to develop a long term strategy for penetrating the energy market in the independent states of the former Soviet Union.

Policy on Repayment of Debt—Sense of Congress statement that the nations of the former Soviet Union should address that issue of the repayment of overdue commercial debt.

Mr. GARN. Mr. President, I rise to support the amendment offered by Senator LIEBERMAN of which I am a cosponsor. As I have previously indicated in connection with the Banking Committee amendment I offered with Senator RIEGLE, it is important that this assistance package for the newly independent states be recognized as important for U.S. business and the U.S. economy, not as an act of charity. To that end, this amendment strengthens the bill's focus on assisting U.S. business to expand trade and create jobs.

The former Soviet Union represents a massive new market for United States goods and a vast pool of natural resources, advanced technologies, and human capital that can be tapped to our mutual benefit. I want to be sure that, if at all possible, those resources are tapped with the help of U.S. industry—there can be no better teacher on market principles and capitalism.

There is some overlap between this amendment and the Riegle-Garn amendment that will have to be worked out in conference. However, there is no conflict between the amendments and the basic thrust of both is the same. We must promote an economic alliance between the United States and Russia and the other new Republics and unleash the potential of our private sector to achieve it. To that end, I urge the adoption of the Lieberman amendment by the Senate.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I rise in strong support of the amendment. I think it is something we have to pursue in our country if we are going to strengthen our economy—No. 1 order of business—so more Americans have more jobs. I believe this provision lays the legislative groundwork for upgrading foreign aid policy.

We have to change a lot of things in this country, or one effort we have to change very much is how we spend our foreign aid, how we conduct our foreign aid policy. This amendment goes a long way in addressing that. We have to essentially change foreign aid so we create more jobs in America.

This new policy contained in this amendment is really based on a theme of partnership, of teamwork, of American business working with American Government, something that has been lacking in this country, something we have to pursue much more aggressively.

The United States has been slow to adjust its foreign aid program, unfortunately, to realities of our rapidly changing world. Our current program is founded on legislation, unfortunately, dating from back in the 1960's and for too long we funded foreign development with little regard to U.S. economic interests.

Today we have enormous economic problems within our own borders. We must learn to balance our world leadership role, something that we want to pursue, a leadership role that other countries want us to continue. We must balance that leadership role with our own domestic needs for economic growth and job creation at home.

With this amendment, we can help meet the developing world's desire for expanded commerce as well as expand our own commercial growth and improve our own competitive position.

It is broadly recognized that the major economic needs of the former Soviet Union cannot be met by public resources alone. The private sector

must be mobilized to actively assist in the creation of free market-oriented economies in these newly independent states. This amendment seeks to foster cooperation between public and private efforts.

If the United States fails to pursue aggressively these new commercial opportunities, then rest assured that our trading partners will feel the vacuum: Germany, Japan, South Korea, Taiwan, nations that have already mobilized, that are working very aggressively so that their own people, their own countries are also taking advantage of foreign aid, foreign trade opportunities. We, therefore, should give our businesses the type of Government support that is commonplace among our trading competitors; in effect, we must be more of a team within America.

I urge my colleagues to support this amendment. It is time to change the way that we Americans give foreign aid. The measure represents an initial step toward ensuring foreign aid promotes American jobs along with foreign development.

I ask unanimous consent that letters in support of the amendment, one from the National Association of Manufacturers, sent by Jerry Jasinowski, the president of NAM, along with a letter from Frank D. Kittredge, president of the National Foreign Trade Council, and a letter from the Business for U.S. Trade CIS Republics be printed in the RECORD.

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

NATIONAL ASSOCIATION
OF MANUFACTURERS,
Washington, DC, June 17, 1992.

Hon. MAX BAUCUS,
U.S. Senate, Washington, DC.

DEAR SENATOR BAUCUS: Our understanding is that the Senate will vote soon—possibly today—on the "Freedom for Russia and Emerging Eurasian Democracies and Open Marks Support Act," S. 2532. This is potentially important legislation, and NAM is prepared to support it. We would support it with far greater enthusiasm, however, if it contained as a separate section the excellent amendment which will be offered by Senators Lieberman, Baucus, DeConcini, Boren, and Garn on "Business and Commercial Development in the Former Soviet Union."

From our perspective, this amendment, if adopted, would be the most profound element of the legislation. S. 2532 as a whole has to do with the external responses of the United States and others to the dramatic changes in the former Soviet Union which have occurred over the last three years. The Business and Commercial Development Amendment addresses the changes that America itself must make if it is to prosper in the decades ahead. The clear statement in this amendment that "active United States business participation in the commercial development of the former Soviet Union will create new markets and jobs for the United States . . ." represents the kind of insight that is central to our future prosperity.

This amendment begins the process of forging a new business-government partnership in the United States. If properly pursued, that partnership will quicken the pace of development in the former Soviet Union and ensure the perpetuation of American commercial competitiveness long into the future.

In this regard, we believe it is especially important:

That the findings in the proposed new section clearly state that U.S. jobs and competitiveness will be enhanced if American manufacturers play a significant role in the development of the former Soviet Union;

That the President be encouraged to use Agency for International Development funds for capital projects and for the purchase of certain [American supplied] industrial goods by Russian enterprises;

That new funds be authorized for EximBank, the Overseas Private Development Corporation, and the Trade Development Program. Each of these agencies has the ability to reduce the risks of doing business abroad and so make American firms more competitive in the risky environment of the former Soviet Union;

That technical assistance for Russia be understood in terms of the tremendous technical capabilities of American industry and that the U.S. government be prepared to support innovative industry projects in Russia, whether wholly new or already in progress;

That the Administration publish regular, in-depth reports on what other countries are doing to support their national firms operating in Russia and in the other CIS countries;

That the U.S. Government's ability to assist American firms be strengthened in a number of ways, including the establishment of a special advisory council to the President, an expansion of the Foreign Commercial Service effort in CIS countries, more U.S. consulates in those countries, and the development of a Commerce Department business center here in the United States designed to help firms engaged in or planning commercial activities in Russia and other countries of the former Soviet Union; and

That every effort be made to minimize the problems that inevitably accompany expanding commercial relationships, such as pricing disputes and problems of non-payment.

These are all excellent provisions, but it is important to remember that, for many firms and for the United States as a whole, they are at best a bare minimum, the rudimentary beginnings of a competitive partnership. As a rule of thumb, others do more. The reasons for this are not obscure. Because of America's responsibilities for the defense of the West in the post-World War II era, our country has been relatively less able than others to focus its energies on international business. By identifying the U.S. commercial interests affected by economic developments in the former Soviet Union, your amendment contributes to America's own adjustment to a new world. It has our full support.

Sincerely,

JERRY J. JASINOWSKI,
President,
National Association of Manufacturers.

NATIONAL FOREIGN
TRADE COUNCIL, INC.,
Washington, DC, June 22, 1992.

Hon. MAX BAUCUS,
U.S. Senate, Washington, DC.

DEAR SENATOR BAUCUS: I am writing to urge you to support an amendment to the "Freedom Support Act" being offered by Senators Lieberman, Baucus, Roth, DeConcini, Garn, Boren and Bentsen.

As Presidents Bush and Yeltsin both stressed during last week's summit meeting, the private sector will play the decisive role in creating a market economy in the republics of the former Soviet Union. This amendment will strengthen the business facilitation programs of the U.S. government and thereby give stronger support and encouragement to the private sector to trade and invest. The bill would, among other things:

Create a mechanism for senior private sector evaluation of aid programs;

Promote technical assistance to promising private sector projects;

Assist small and medium-sized U.S. enterprises interested in doing business in the former Soviet Union;

Authorize use of AID funds for capital projects for U.S. companies in areas identified at the January multi-lateral summit as priority sectors.

This amendment is consistent with the objectives of the Freedom Support Act and makes it more likely that those objectives will be achieved.

The National Foreign Trade Council, which is comprised of 500 member companies engaged in international trade and investment, urges, therefore, your support both for this amendment and for the Freedom Support Act.

Sincerely,

FRANK D. KITTREDGE,
President.

BUSINESS FOR U.S. TRADE
WITH CIS REPUBLICS,
Washington, DC, June 16, 1992.

Hon. MAX BAUCUS,
U.S. Senate, Washington, DC.

DEAR SENATOR BAUCUS: We are writing to ask your support of an amendment to S. 2532, the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act," to be offered by Senators Lieberman, Baucus, DeConcini, Boren, Roth and Garn when the bill is considered by the Senate.

The purpose of this amendment is to facilitate the crucial role of the U.S. private sector in the development of market economies in the former Soviet Union. Such facilitation will enhance the opportunities for U.S. business in this important emerging market and lead ultimately to the creation of jobs in the United States. The amendment would:

Create a business and agriculture advisory council to evaluate on an ongoing basis the contribution to investment and exports by U.S. firms of bilateral and multilateral aid programs;

Authorize additional funds for Eximbank, OPIC and the Trade and Development Program to facilitate commercial and technical assistance in cooperation with U.S. business on a cost-sharing basis and to support promising appropriate projects;

Authorize use of AID funds for capital projects for U.S. companies especially in priority sectors, and for certain critical exports which support self-sufficiency;

Authorize the Department of Commerce to provide technical assistance, expand the Foreign and Commercial Service in the Republics, and help small and medium-sized U.S. businesses to enter that market.

The Freedom Support Act is an important step toward helping these new republics develop market economies. We believe this amendment will considerably strengthen its effectiveness in achieving that objective and we urge your support for it.

American Committee on U.S.-CIS Relations, Coalition for Employment through Exports, Emergency Committee for American Trade, National Asso-

ciation of Manufacturers, National Foreign Trade Council, U.S. Chamber of Commerce, U.S. Council for International Business.

Mr. BAUCUS. I yield the floor.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER (Mr. LIEBERMAN). The Senator from Indiana.

Mr. LUGAR. Mr. President, I commend the distinguished occupant of the Chair and Senator GARN and others who have offered this important amendment for adding materially to this legislation through this amendment.

Mr. President, Secretary Franklin, the Secretary of Commerce, has strongly commended this amendment and the provisions that have been included. It is so important that the impression of this legislation be cast accurately, and that impression is clearly one of assistance to American business. We want a relationship with a very large market. Obviously, we want a good relationship politically and in terms of our security interests, and those have been addressed in previous amendments and in the bill itself.

But the hallmark, at least, of this legislation is that American business will have entry to Russia. American business looks toward recodification of the laws, the banking practices, and ways in which clearly capital can go in and dividends come out, and a normal flow associated with an open society as opposed to a closed society would be established.

We have commended the strong work of President Yeltsin and Prime Minister Gaydar. Those efforts continue and are certainly in the press today as they have proceeded with bold programs leading toward convertibility situations and openness toward American business. But our side of the issue is contained in this amendment and in other provisions which it supports.

For these reasons, we strongly support the amendment on our side.

Mr. President, my understanding from the distinguished chairman is that it may be necessary for the amendment to be laid aside temporarily because of budget implications. I have asked to make this statement of support prior to that consideration because I strongly believe in the efficacy and the desirability of the amendment. But it may be that the issue may be laid to rest for the moment.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, this is truly an excellent amendment we are discussing. It has received the support of Secretary Franklin. It is an amendment that fills the gap which has been the lack of concern about our commercial antennae, if you want to use that phrase, around the world or in areas in which we are interested in developing those relationships.

There is one small problem, and I trust the amendment will be modified so that the "such sums as may be necessary" language is removed to address the concerns of the Appropriations Committee. Until that time, I must ask the amendment be laid aside and I ask unanimous consent that the amendment of the Senator from Connecticut be temporarily laid aside and we then turn to the amendment of the Senator from New Jersey.

The PRESIDING OFFICER. Is there objection? Hearing none, the amendment of the Senator from Connecticut will be temporarily laid aside.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Jersey.

Mr. BYRD. Mr. President, will the distinguished Senator from New Jersey yield to me for a unanimous-consent request?

Mr. BRADLEY. I will be glad to yield to the distinguished chairman. I was simply seeking recognition for a brief unanimous-consent request myself. I will be prepared to yield to the Senator.

Mr. BYRD. I only want to ask unanimous consent that following the action of the Senate on the amendment by Mr. BRADLEY, I be recognized to call up an amendment.

I make that request.

The PRESIDING OFFICER. The Senator from New Jersey [Mr. BRADLEY] is recognized.

Mr. SARBANES. Mr. President, was the unanimous-consent request of the Senator from West Virginia granted?

The PRESIDING OFFICER. Is there objection to the unanimous-consent request offered by the Senator from West Virginia?

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. I understand that I made an error just now; that there is another amendment of the Presiding Officer that was to be considered prior to Mr. BRADLEY's. So I would ask if the Senator could leave the chair and present the second amendment.

Mr. LUGAR. Mr. President, reserving the right to object to the unanimous-consent request, could I inquire of the distinguished Senator from West Virginia the nature of the amendment he wishes to offer?

Mr. BYRD. Yes. I was lax in not stating what it is about, because Senators are entitled to know before they grant the request.

This amendment has to do with coal technology. It is my understanding it has been cleared on both sides.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER (Mr. SARBANES). Without objection, the unanimous-consent request of the Senator from West Virginia is agreed to.

Under the previous order, the Chair now recognizes the Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair. I will yield briefly to my colleague from New Jersey.

Mr. BRADLEY. Mr. President, I ask unanimous consent that two fellows of the office, Natalie Coburn and Claudia Detweiler, be granted floor privileges during consideration of the Freedom Support Act.

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

The Senator from Connecticut.

AMENDMENT NO. 2679

(Purpose: To authorize the establishment of a foundation to provide research and development opportunities for scientists and engineers of the former Soviet Union, and for other purposes)

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

The PRESIDING OFFICER. The clerk will report this amendment offered by the Senator from Connecticut.

The legislative clerk read as follows:

The Senator from Connecticut [Mr. LIEBERMAN] for himself, Mr. GORE, and Mr. DOMENICI, proposes an amendment numbered 2679.

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

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

The amendment is as follows:

On page 52, after line 13, add the following new section:

SEC. 21. ESTABLISHMENT OF FOUNDATION.

(a) ESTABLISHMENT.—The Director of the National Science Foundation (hereafter in this section referred to as the "Director") is authorized to establish an endowed, nongovernmental, nonprofit foundation (hereafter in this section referred to as the "Foundation") in consultation with the Director of the National Institute of Standards and Technology.

(b) PURPOSES.—The purposes of the Foundation shall be the following:

(1) To provide productive research and development opportunities within the independent states of the former Soviet Union that offer scientists and engineers alternatives to emigration and help prevent the dissolution of the technological infrastructure of the independent states.

(2) To advance defense conversion by funding civilian collaborative research and development projects between scientists and engineers in the United States and in the independent states of the former Soviet Union.

(3) To assist the establishment of a market economy in the independent states of the former Soviet Union by promoting, identifying, and partially funding joint research, development, and demonstration ventures between United States businesses and scientists, engineers, and entrepreneurs in those independent states.

(4) To provide a mechanism for scientists, engineers, and entrepreneurs in the independent states of the former Soviet Union to develop an understanding of commercial business practices by establishing linkages to United States scientists, engineers, and businesses.

(5) To provide access for United States businesses to sophisticated new technologies, talented researchers, and potential new mar-

kets within the independent states of the former Soviet Union.

(c) FUNCTIONS.—In carrying out its purposes, the Foundation shall—

(1) promote and support joint research and development projects for peaceful purposes between scientists and engineers in the United States and former Soviet states on subjects of mutual interest; and

(2) seek to establish joint nondefense industrial research, development, and demonstration activities through private sector linkages which may involve participation by scientists and engineers in the university or academic sectors, and which shall include some contribution from industrial participants.

(d) FUNDING—

(1) DEBT CONVERSIONS.—To the extent provided in advance by appropriation Acts, local currencies or other assets resulting from government-to-government debt conversions may be made available to the Foundation. For purposes of this paragraph, the term "debt conversion" means an agreement whereby a country's government-to-government or commercial external debt burden is exchanged by the holder for local currencies, policy commitments, other assets, or other economic activities, or for an equity interest in an enterprise theretofore owned by the debtor government.

(2) LOCAL CURRENCIES.—In addition to other uses provided by law, and subject to agreement with the foreign government, local currencies generated by United States assistance programs may be made available to the Foundation.

(3) INVESTMENT OF GOVERNMENT ASSISTANCE.—The Foundation may invest any revenue provided to it through United States Government assistance, and any interest earned on such investment may be used only for the purpose for which the assistance was provided.

(4) CONTRIBUTION TO ENDOWMENT BY PARTICIPATION INDEPENDENT STATES.—As a condition of participation in the Foundation, an independent state of the former Soviet Union must make a minimum contribution to the endowment of the Foundation, as determined by the Director, which shall reflect ability of the independent state to make a financial contribution and its expected level of participation in the Foundation's programs.

(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, and made available to the Director, to establish the endowment of the Foundation and otherwise carry out this section, such sums as may be necessary.

Mr. LIEBERMAN. Mr. President, this amendment, which I am proud to propose along with my friend and colleague from Tennessee, Mr. GORE, and my friend from New Mexico, Mr. DOMENICI, is patterned after an existing foundation that joins the United States and Israel in joint development of research, technological, and economic opportunities.

Mr. President, this amendment is another attempt to make the point that we have extraordinary common interests, economic common interests, with the people of the Soviet Union in this new stage of our relationship, and that as we extend aid, we do so not just to promote world security but also to exploit economic opportunities.

Let me describe the BIRD Foundation—in this case, it is B-I-R-D—established in 1977 between Israel and the United States, because that is the exact model of what Senators GORE, DOMENICI, and I are trying to create through this amendment in what we call the AmeRus Foundation.

The BIRD Foundation establishes mutually profitable cooperation between the private sectors of the United States and, in that case, Israeli high-tech industries. Both nations put money into this nongovernmental, nonprofit foundation. The BIRD Foundation itself then invests in businesses that come to it. BIRD cost-shares 50–50 with each partner in an American company and an Israeli company team that seeks to develop and commercialize any innovative nondefense technical product or process.

The BIRD Foundation's investments, which have averaged about $600,000 over a 15- to 18-month period for large projects, and $75,000 over a year or less for small projects, buys the foundation neither equity nor rights to intellectual property but buys the foundation the right to receive royalties from successful projects up to a prestated maximum.

Any pair of companies, one from each country, may apply jointly so long as they have between them the capabilities and the infrastructure to define, develop, manufacture, sell, and support an innovative product based on industrial research and development.

Companies can be commonly owned. They can be linked to a corporate joint venture, or they simply can be cooperating on an ad hoc basis. The key criterion is that each corporate entity has to have the ability to carry out its part of the joint development and commercialization plan.

The good news is since the first project was initiated back in 1979 by this binational Israeli-American corporation, the foundation has supported over 150 joint projects, each involving a company from each country. As of April 1990, the last time for which we have numbers, over 100 of the projects have led directly or indirectly to sales totaling $1.5 billion, creating jobs in both countries and having the foundation on a self-supporting, self-sustaining basis.

Mr. President, this is an opportunity for us to seize this moment, meet a need that both countries have, and develop economic potential. It is an opportunity not only to do good in helping the former Soviet Union but also to do well by funding profitable ventures for American entrepreneurs.

Finally, I should like to point out that earlier this year, I requested a study from the Congressional Research Service, which they entitled "Eastern European and Soviet Science and Technology: Capabilities and Needs." Bill Boesman, who is the study's author, wrote:

The Soviets excel in some areas of basic research, and in military and space science and technology, while being unable to conduct much satisfactory civilian R&D or produce many state-of-the-art civilian products.

By putting together our business expertise with skills of former scientists in the Soviet Union through this AmeRus Foundation, American investors will be able to share in profits in innovations developed through joint ventures. And these joint ventures and projects can help to create the culture of capitalism that is needed in the nations of the former Soviet Union, and create income and jobs for people in the United States.

Mr. President, I am glad to see that there is an amendment identical to the language in this one that the House Foreign Affairs Committee recently marked up, which was taken from a bill introduced in the other body by Congressman GEORGE BROWN, chairman of the House Committee on Science, Space, and Technology. I have, therefore, optimism to believe that, if we act, their good idea can, in fact, become a reality.

I urge my colleagues to support the amendment.

I yield the floor.

Mr. GORE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Tennessee.

Mr. GORE. I am very pleased, Mr. President, to join with my colleague and friend, Senator LIEBERMAN, in offering this amendment to establish a foundation for the purpose of promoting joint efforts between United States scientists, engineers, and businessmen and scientists in the post-Soviet States in nondefense fields.

Senator LIEBERMAN and I have worked together very closely for an extended period of time in creating this amendment.

I would also like to express gratitude to my colleagues on the committee on both sides of the aisle for receiving this idea favorably and allowing it to proceed. And, along with Senator LIEBERMAN, I, too, would like to compliment Congressman GEORGE BROWN in the other body, the chairman of the Science Committee there and the principal sponsor of this initiative on the House side.

This measure fills a gap in our approach to the problem of helping to advance the transition of the economies of these states from a quasi-war footing, to a normal, civilian, market driven economy.

We have been rightfully concerned that former Soviet military scientists would migrate and take with them dangerous skills. In response to that, we have set up mechanisms designed to employ them in place, and to help them find their way toward a new civilian orientation. In the meantime, however, we have not thought to make similar provisions for programs of cooperation with former Soviet nondefense scientists and engineers.

There is a certain irony in that. The Soviet government starved the civilian research base to conserve resources for its military effort. We might be inadvertently following a similar course of action. This amendment restores balance to our approach. I strongly believe that the approach we are recommending here will benefit both ourselves and the former Soviet states at several levels.

It will provide access for U.S. businesses to sophisticated technologies and to talented researchers in the former Soviet states.

It will serve as entré for U.S. products and services to potential new markets in the former Soviet states.

It will help clusters of former Soviet scientists and engineers and entrepreneurs to find their way into producing and leading roles in the market economy that is struggling to emerge. That process is absolutely vital if we are to succeed in helping their overall economic transition from a prewar to a true peacetime footing.

Some U.S. funding will be needed to endow and operate the proposed foundation. We will be seeking that money in separate legislation. Our purpose here is to authorize establishment of the necessary institution. I urge my colleagues to support this measure. It will produce benefits far outweighing its costs to the taxpayer. The money we spend will truly have a catalytic effect, bringing about a powerful multiplication of points of contact between creative forces in our own economic life, and those who wish to serve their own societies in a similar way on the side of the former Soviet States.

I yield the floor.

Mr. BENTSEN. Mr. President, the Freedom Support Act is yet one more symbol of the revolution that has transpired in United States-Soviet relations. Its aim is to assist a former adversary in making the transition from an unproductive command economy geared to military expansion, to a free market environment that will provide the Russian people the goods and services they have so long been denied. The success of that transition hinges on the flowering and survival of Russia's fledgling democratic institutions. The case for the Freedom Support Act is as compelling today as was the case for the extension of Marshall plan assistance to Western Europe after World War II.

Our proposed amendment aims at enhancing the Freedom Support Act by broadening it from just a government-to-government enterprise, to one which incorporates American private sector, free market expertise. It is consistent with the principle of aid for trade. It will more fully engage the American private sector in the critical economic reconstruction of the impoverished republics of the former Soviet Union. It will help U.S. companies gain a foothold in a potentially abundant market for American goods and services. In short, the amendment, like the Freedom Support Act, is good for America, good for Russia and the other nations of the old Soviet Union—and good for American business.

I understand the concerns of those who regard the Freedom Support Act as a less important priority than working on solutions to our own mounting economic, social, and fiscal problems. There is no question that the cold war exacted a heavy toll on our economic health, social progress, and fiscal discipline. For over four decades we were compelled to spend trillions on defense that might otherwise have been allocated to improving the lot of our own citizens and the quality of our Nation's natural, social, and economic environments. There is no question that the cold war's demise affords us fresh and unparalleled opportunities to focus anew on domestic problems.

But there is also no question that we have an enormous stake in the outcome of the wrenching political and economic changes now sweeping the former Soviet Union. Having won the cold war at a cost of trillions, are we now to turn our backs on measures that could ensure a permanent peace? Do we want to risk repeating the mistakes of 1919? Do we wish to encourage a repetition of the events in Moscow of August 1991? Do we want to see the present democratic and free market experiment in Russia succumb to the forces of reaction that until just a few years ago dominated Russian history? Do we want 10, 15, or 20 years from now, once again to have to rearm against an authoritarian and expansionist Russia?

Mr. President, I am hardly suggesting that passage of the Freedom Support Act will guarantee the triumph of democracy, free market institutions, and a pacific foreign policy for the nations of the former Soviet Union. But I am convinced that we cannot simply walk away from our victory in the cold war. We must also do everything we can within our limited means to ensure that the causes of what John F. Kennedy called that "long twilight struggle" do not reappear.

The PRESIDING OFFICER. The question occurs on the amendment offered by the Senator from Connecticut.

The amendment (No. 2679) was agreed to.

Mr. LIEBERMAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. PELL. Mr. President, what is the pending business?

The PRESIDING OFFICER. Under the previous order into which the Senate entered, the Senator from New Jersey is recognized to offer an amendment.

Mr. PELL. I thought we laid to the side the amendment of the Senator from Connecticut, and we would have another amendment to consider, as modified.

The PRESIDING OFFICER. The manager is correct. The Senator from Connecticut had an amendment which was laid aside and now reoccurs and is pending before the body.

AMENDMENT NO. 2678, AS MODIFIED

Mr. LIEBERMAN. Mr. President, I have a modification to my amendment, which I send to the desk at this time.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 52, after line 13, add the following new section:

SEC. 21. BUSINESS AND COMMERCIAL DEVELOPMENT IN THE FORMER SOVIET UNION.

(a) FINDINGS.—The Congress finds that—

(1) United States jobs and competitiveness will be enhanced if American business and agriculture play a significant role in the development of market economies of the independent states of the former Soviet Union;

(2) it is in the interest of the United States that all assistance programs be structured to maximize the purchase of United States goods and services;

(3) American businesses are the key to the viable restructuring of the independent states of the former Soviet Union;

(4) active United States business participation in the commercial development of the former Soviet Union will create new markets and jobs for the United States as well as enhance development in these nations;

(5) assistance under this Act should be considered an investment in the economic future of both the United States and the independent states of the former Soviet Union.

(6) the United States Government can play an important role in assisting United States exporters in the rapidly changing and highly competitive markets of the independent states of the former Soviet Union;

(7) assistance for the independent states of the former Soviet Union should be equitably distributed within each such state, and this should include technical assistance, additional Foreign Commercial Service officers, and financing through the Overseas Private Investment Corporation, the Export-Import Bank of the United States, and the Trade and Development Program; and

(8) it is in the interest of the American business community and the independent states of the former Soviet Union for the United States Government to move expeditiously—

(A) to open up new consulates throughout such states, particularly those already scheduled to be opened; and

(B) to provide timely consideration in the issuance of visas.

(b) ADVISORY COUNCIL.—(1) The President is authorized to establish an advisory council to be known as the New Independent States Business and Agriculture Advisory Council (hereafter in this section referred to as the "Council").

(2) The duties of the Council would be—

(A) to advise the President regarding programs of assistance for the independent states of the former Soviet Union;

(B) to evaluate the adequacy of bilateral and multilateral assistance programs that would facilitate exports and investments by American firms in the independent states of the former Soviet Union; and

(C) to consult with the President periodically with respect to the matters described in subparagraphs (A) and (B).

(3) The Council should consist of fifteen members drawn from United States firms reflecting diverse businesses and perspectives that have experience and expertise relevant in dealing with the independent states of the former Soviet Union.

(4) The membership of the Council should be appointed as follows:

(A) Five members appointed by the President, one of whom the President shall designate to serve as chairman.

(B) Five members appointed by the President, upon the recommendation of the Speaker of the House of Representatives and the Minority Leader of the House of Representatives.

(C) Five members appointed by the President, upon the recommendation of the Majority and Minority Leaders of the Senate.

(5)(A) Members of the Council should receive no additional pay by reason of their service on the Council.

(B) Upon request of the Chairman of the Council, the head of any United States Government agency may detail, on a nonreimbursable basis any of the personnel of such agency to the Council to assist the Council in carrying out its duties under this Act.

(c) ALLOCATION OF AGENCY FOR INTERNATIONAL DEVELOPMENT FUNDS.—The President is authorized and encouraged to use a portion of the funds made available for the independent states of the former Soviet Union under the Foreign Assistance Act of 1961—

(1) to fund capital projects, including projects for telecommunications, environmental cleanup, power production, and energy related projects; and

(2) to fund intermediary industrial goods and other consumables in order to promote self-sufficiency.

(d) EXPORT FINANCING AND PROMOTION.—(1)(A) Funds authorized to be appropriated to the Export-Import Bank of the United States, the Trade and Development Program, and the Overseas Private Investment Corporation (hereafter in this section referred to as "OPIC") may be made available to carry out this Act, including—

(i) the provision of commercial and technical assistance, implemented in cooperation with United States businesses on a cost-sharing basis, which, to the maximum extent feasible, would support the identification and development of priority sectors in the independent states of the former Soviet Union, including defense conversion, energy, energy efficiency, environmental protection, nuclear safety, agriculture, food processing and distribution, pharmaceuticals, transportation, telecommunications, education and training, and industrial and infrastructure modernization; and

(ii) the provision of support for projects undertaken by United States business on the basis of partnership, joint venture, contractual, or other cooperative agreements with appropriate entities in the independent states of the former Soviet Union.

(2) The Export-Import Bank of the United States is authorized to use the maximum amount of flexibility in supporting projects in the independent states of the former Soviet Union, including using project financing or other appropriate financing arrangements, in addition to flexibility otherwise authorized under this or any other Act.

(3) OPIC is authorized to use the maximum amount of flexibility with its programs, including coverage of contract frustration by government or private sector entities in the independent states of the former Soviet Union, in addition to flexibility otherwise authorized under this or other Acts.

(4) The President is authorized and encouraged to direct the Export-Import Bank of the United States, OPIC, TDP, the Agency for International Development, and the Department of Commerce to coordinate through the Trade Promotion Coordinating Committee their efforts in assisting American businesses and the independent states of the former Soviet Union, and such agencies and entities are encouraged to develop common eligibility criteria, to the extent possible, for operating their programs in the independent states of the former Soviet Union.

(e) DEPARTMENT OF COMMERCE.—(1) The Secretary of Commerce should—

(A) provide technical assistance to the independent states of the former Soviet Union through programs and projects for business and commercial development, including demonstration projects, especially in priority sectors described in subsection (d)(1)(A)(i), business consortia, business training and exchange programs, binational business development committees, the development of product standards, and the cost of preparing business opportunity profiles of those states using both United States private sector and local expertise;

(B) expand the Foreign Commercial Service in the independent states of the former Soviet Union, including the business centers described in this Act;

(C) develop a center to assist United States small- and medium-sized businesses in entering the commercial markets of the independent nations of the former Soviet Union, and to the maximum extent possible, the Department of Commerce should contract with a United States expert organization with proven experience in trade relations with the independent nations of the former Soviet Union to assist with the functioning of this center; and

(D) submit a report to Congress twelve months after the date of enactment of this Act, and annually thereafter, which will analyze the programs of other industrialized nations to assist their firms with their efforts to transact business in the independent states of the former Soviet Union and will include an examination of the trading practices of other OECD nations, as well as the pricing practices of transitional economies, that may disadvantage United States firms.

(2)(A) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the Secretary of Commerce such funds as may be necessary to carry out this subsection.

(f) UTILIZATION OF ENERGY WORKING GROUP.—(1) The Trade Promotion Coordinating Committee should utilize its interagency working group on energy to assist American energy sector companies to develop a long-term strategy for penetrating the energy market in the independent states of the former Soviet Union.

(2) The energy working group should—

(A) work with officials from the independent states of the former Soviet Union in creating an environment conducive to United States energy investment;

(B) help to coordinate assistance to American companies, particularly defense companies, involved with projects to clean up former Soviet nuclear weapons sites and commercial nuclear waste; and

(C) work with representatives from American business and industry involved with the energy sector to help facilitate the identification of business opportunities, including the promotion of environmentally sound oil, gas, and clean coal technology and products and energy efficiency and the formation of joint ventures between American companies and companies of the independent nations of the former Soviet Union.

(g) POLICY ON REPAYMENT OF DEBT.—It is the sense of the Congress that the independent states of the former Soviet Union should address the issue of repayment of overdue commercial debt and other commercial obligations, including the recognition and availability of hard currency obligations of agencies of the former Soviet Government to American businesses.

Mr. LIEBERMAN. Mr. President, the modification brings the technical wording of the amendment in line with the rest of the underlying bill as it relates to appropriations and programs authorized under the amendment. I therefore urge adoption of the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. PELL. I thank the Senator from Connecticut for making the adjustment, putting in the specifics for certain sums. It is a great amendment. We look forward to supporting it.

Mr. DOLE. Mr. President, I am pleased to cosponsor the amendment of the distinguished Senator from Connecticut [Mr. LIEBERMAN]. The essence of this amendment is to get business, not bureaucrats, involved in our efforts to revitalize the United States relationship with the former Soviet Union.

This amendment makes too much sense to turn down. It has the broad support of the business community—the very people we need to get involved, if our country is to reap long-term benefits from the political and economic rebirth of these fledgling democracies.

The programs authorized in this amendment will encourage and help small- and medium-sized businesses establish a foothold in the republics. The amendment will also give the business community—through a business and agricultural advisory board—a focal point to advise the administration on its situation and needs, and to give the administration feedback on the results it is achieving.

This amendment is a two-for-one—helping the new democracies, and America at the same time.

One of the greatest boosts we can give the new democracies is to turn loose in their countries the spirit and talents of American entrepreneurs. One of the great boosts we can give to our own economy is to help our private enterprises become established on these new frontiers of democracy.

This is a good amendment, in its aims, its timing, and its programs. It deserves the support of every Senator.

The PRESIDING OFFICER. The question is on the amendment, as modified.

The amendment (No. 2678), as modified, was agreed to.

Mr. LIEBERMAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. LIEBERMAN. I thank the Chair.

The PRESIDING OFFICER. Under the previous order the Chair recognizes the Senator from New Jersey to offer an amendment.

Mr. BRADLEY. Mr. President, I think the distinguished Senator from West Virginia had asked if he could take a few minutes to offer his amendment, which he is scheduled to offer immediately upon the disposition of my amendment. I have no objection to his going before my amendment if the managers of the bill would like to proceed in that matter.

The PRESIDING OFFICER. Is the Senator propounding a unanimous-consent request that the Senator from West Virginia offer an amendment, after which time we will return to the regular order and the Senator from New Jersey will then be recognized to offer an amendment?

Mr. BRADLEY. Mr. President, I was not propounding a unanimous-consent request but inviting the distinguished Senator from West Virginia to propound a request if he so chose.

Mr. LUGAR. Mr. President, prior to the propounding of the unanimous-consent request, I want to advise the distinguished Senator from West Virginia that there is opposition to his amendment on our side. The distinguished Senator from Wyoming [Mr. SIMPSON] wishes to be heard. So this may be a more lengthy consideration than was under consideration a moment ago. Under those circumstances, it appears that the amendment of the distinguished Senator from New Jersey can be accepted after comments by Senators, and perhaps it would be well for that order to proceed.

Mr. BYRD. Very well. I thank the distinguished Senator from New Jersey for his courtesy, and because of the circumstances just explained by the distinguished Republican manager, I will not proceed until after the Senator's amendment has been acted on.

Mr. GORE. Mr. President, I will propound a unanimous-consent request, and in doing so say that I have consulted with my colleague, the Senator from New Jersey. I ask unanimous consent that I might be allowed to offer an amendment at this time, which has been cleared on both sides—it will only take a few minutes—and then, at the conclusion of the Senate's disposition of my amendment, that the Senator from New Jersey will again be recognized in the regular course of business.

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

AMENDMENT NO. 2680

(Purpose: To prohibit assistance to public or private entities that withhold the property of United States nationals in violation of law)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Tennessee [Mr. GORE], for himself, Mr. LIEBERMAN, Mr. D'AMATO, and Mr. MOYNIHAN, proposes an amendment numbered 2680.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . INELIGIBILITY FOR ASSISTANCE OF INSTITUTIONS WITHHOLDING THE PROPERTY OF UNITED STATES NATIONALS.

(a) PROHIBITION.—Except as provided in subsection (b), no agency, instrumentality, or other governmental entity of any independent state of the former Soviet Union, may be eligible to receive assistance, participate in any cooperative activity under any provision of United States law, or otherwise use funds made available under this Act or any other Act, if—

(1) on the date of enactment, there is outstanding a final judgment by a court of competent jurisdiction within that state that the entity or institution, as the case may be, is withholding unlawfully the property of United States persons; and

(2) the Secretary of State determines, within 90 days of a request by the United States persons affected, that execution of the court's judgment is blocked as the result of extra-judicial causes, including any of the following:

(A) A declared refusal of the defendant to comply.

(B) The unwillingness or failure of local authorities to enforce compliance.

(C) The issues of an administrative decree nullifying a court's judgment or forbidding compliance.

(D) The passage of legislation, after a court's judgment, nullifying that judgment or forbidding compliance with that judgment.

(b) EXCEPTION FOR HUMANITARIAN ASSISTANCE.—The prohibition contained in subsection (a) shall not apply to the provisions of humanitarian assistance in any of the independent states of the former Soviet Union.

(c) WAIVER AUTHORITY.—The Secretary of State may waive the application of subsection (a) whenever the Secretary finds that—

(1) the court's judgment has been executed; or

(2) it is vital to the national interests of the United States to do so.

(d) Nine months after the date of enactment of this Act, the Secretary of State shall report to the Speaker of the U.S. House of Representatives and the chairman of the Senate Foreign Relations Committee the status of judgments entered by CIS courts of final jurisdiction involving United States persons.

(e) DEFINITIONS.—For purposes of this section—

(1) the term "humanitarian assistance" includes the provision of food, medicine, or clothing;

(2) the term "United States person" means—

(A) any citizen, national, or permanent resident alien of the United States; and

(B) any corporation, partnership, or other juridical entity which is 50 percent or more beneficially owned by individuals described in subparagraph (A).

Mr. GORE. Mr. President, I sincerely thank my colleague from New Jersey for his courtesy and generosity.

I offer this amendment in behalf of myself and the distinguished occupant of the chair, Senator LIEBERMAN, and the two Senators from New York, Senator D'AMATO and Senator MOYNIHAN.

I think by now that all Members of the Senate are very familiar with the quest of Lubavitch Jewish community to recover possession of a collection of sacred texts from the Russian library. Just before President Yeltsin's recent visit here, the entire Senate—all of the 100 Senators—sent a communication to him, urging that these books finally be returned.

Unfortunately, that has not happened, and in fact the issue appears to have been set back: a casualty of Russian domestic politics.

As many of you know, the Lubavitch have gone the extra mile in their efforts to recover these books. That extra mile consists of the effort it took to submit their claim to the chaotic and often mysterious Russian court system. Nevertheless, on two occasions, courts of competent jurisdiction clearly ruled in favor of the Lubavitcher's claims.

Unfortunately, however, those decisions were never implemented. Officials declared flatly that they would not comply with the court's decisions.

Access to the location of part of the collection was blocked physically by library staff, using bullhorns to whip up crowds to threaten and abuse the Lubavitchers who were seeking access. Decrees of courts were nulified by administrative measures from the Russian Ministry of Justice. The speaker of the Russian Parliament, in a move understood to be part and parcel of his rivalry with Yeltsin, attempted a late-night maneuver to legislate a ban against return of the books.

Mr. President, these are American citizens who have a valid legal claim, which has been properly adjudicated in the Russian court system, and what is blocking the implementation of the Russian legal decree is a demagogic effort to whip up anti-Semitism in Russia, where there is a vulnerability to that virus.

This experience, therefore, underscores an important lesson for us, as we consider the present legislation. We

are encouraging American citizens—individuals, agencies of our Government, and corporations—to create an ever more complex pattern of relationships with their opposite numbers in Russia and the other post-Soviet States. We are also appropriating money to help that process by establishing programs of joint cooperation. Indeed, the Liberman-Gore amendment, which was just adopted, is only one of many measures designed to do just that.

It is inevitable that some American persons will find themselves damaged by their CIS partners, and that they will seek redress through the local court systems. We are urging the States of the former Soviet Union to adopt the principles of democracy and free markets and also the rule of law. It is equally inevitable that persons who encounter the legal system there will face a very steep uphill fight to get justice when political intereference within the court system evidently is a matter of course.

So the amendment offered here is designed as a first step toward providing some limited degree of protection. It provides that, as of the date of enactment, any American person, such as the individuals in the Lubavitch community, who have won a favorable verdict against a CIS governmental body in a court of common jurisdiction in a post-Soviet State, and who can show that the court verdict is unenforceable, then ask the Secretary of State to suspend U.S. programs of cooperation with the CIS institution in question.

There are certain qualifiers which it is important to note. The amendment is limited in scope to government institutions in the CIS countries. Only programs of U.S. assistance to the specific institution that has failed to comply with the court's ruling are potentially involved. Upon compliance, the suspension will be terminated. In no case would the amendment apply to programs of humanitarian assistance. The Secretary may also withhold action based on a finding that vital national interests are involved.

Looking to the future, the amendment requires that 9 months after date of enactment, the Secretary of State will provide the Congress with a report on the status of judgments entered by CIS courts of final jurisdiction involving U.S. persons. From this report, we will be able to judge whether we must contend with a pattern of injustice or blocked justice where American litigants are concerned. And from that information, we can consider appropriate modifications to our own laws.

I urge Members to support this amendment. It is a necessary form of protection for Americans who may have to contend with court processes in the former Soviet Union. It is also an inducement for Russia and other post-Soviet States to continue work on the reform of their court systems and legal structures. By no means is this amendment a sovereign remedy of some kind. But in those limited circumstances where it might be brought into play, this amendment may make CIS officials think more carefully, before they play games with their court system, to the detriment of Americans.

Let me close by saying that, looking to the future, the amendment requires that 9 months after the date of enactment, the Secretary of State will provide the Congress with a report on the status of judgments entered by CIS courts of final jurisdiction involving U.S. persons. From this report, we will be able to judge whether we must contend with a pattern of injustice, or blocked justice where American litigants are concerned. And from that information, we can consider appropriate modifications to our own laws.

In closing, Mr. President, let me say that I take this matter seriously. One hundred Members of the Senate take it seriously. And the Russian Government should take it seriously, especially if this amendment is now adopted.

I ask my colleagues on both sides of the aisle to support it.

The PRESIDING OFFICER. Is there further debate?

Mr. LUGAR. Mr. President, we are prepared to support the amendment of the distinguished Senator from Tennessee. He has worked carefully with staff on both sides of the aisle, and with the administration, to make certain that objectives with regard to these valuable manuscripts can be fulfilled. And, indeed, the administration has worked with great diligence, as have Members of the Congress, to try to effect the release of these documents. At the same time, as initially written, the amendment appeared to be very broad with regard to other claims, and the language adopted as we see it comes down to the library and, likewise, as the Senator has said, examination in the course of time, as the amendment provides for, other claims may come with our new relationship.

On that basis, we are prepared to accept the amendment.

Mr. PELL. Mr. President, this is an amendment that codifies the letter that all 100 of us wrote expressing our view that the books should be released. It is prospective in content, and I urge that it be supported.

The PRESIDING OFFICER. Is there further debate?

The question is on agreeing to the amendment of Senator GORE.

The amendment (No. 2680) was agreed to.

Mr. GORE. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Chair recognizes the Senator from New Jersey [Mr. BRADLEY].

AMENDMENT NO. 2681

(Purpose: To finance an educational and business exchange program with the independent States of the former Soviet Union and the Baltic States)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. BRADLEY] for himself, Mr. KERREY, Mr. BOREN, Mr. WIRTH, Mr. DIXON, Mr. BRYAN, Mr. REID, Mr. KENNEDY, and Mr. HARKIN, proposes an amendment numbered 2681.

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

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

The amendment is as follows:

At the end of the bill, add the following new title:

TITLE II—FREEDOM EXCHANGE ACT

Subtitle A—In General

SEC. 201. SHORT TITLE.

This title may be cited as the "Freedom Exchange Act".

SEC. 202. STATEMENT OF PURPOSE.

The purpose of this title is—

(1) to bring young people of the former Soviet Union and the Baltic states to the United States so that they might experience first-hand how a free market democracy functions;

(2) to assist the skill-building process necessary for both institution-building and nation-building; and

(3) to ease immigration restrictions to allow the free flow of scientists and others from the former Soviet Union knowledgeable in the production of nuclear weapons.

SEC. 203. DEFINITIONS.

As used in this title—

(1) the term "Baltic states" means Latvia, Lithuania, and Estonia;

(2) the term "Endowment" means the corporation described in section 211(b)(2);

(3) the term "institution of higher education" has the same meaning as is given to such term by section 1201(a) of the Higher Education Act of 1965;

(4) the term "independent states of the former Soviet Union" includes the following states that formerly were part of the Soviet Union: Armenian, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; and

(5) the term "secondary school" has the same meaning given to such term by section 1471(21) of the Elementary and Secondary Education Act of 1965.

Subtitle B—Educational Exchange Program

SEC. 211. AUTHORITIES FOR AWARDING GRANTS.

(a) GENERAL AUTHORITY.—The President shall establish and carry out an exchange program in accordance with this subtitle. In carrying out such a program, the President shall award, on a competitive basis, grants to eligible organizations to enable such organizations to finance—

(1) the exchange of secondary school students in accordance with section 212;

(2) the exchange of college students in accordance with section 213;

(3) the exchange of graduate students in accordance with section 214;

(4) visits and interchanges of professors and educators in accordance with section 215; and

(5) internships in accordance with section 216.

(b) ELIGIBLE ORGANIZATIONS.—For the purpose of this subtitle, the term "eligible organization" means—

(1) during fiscal year 1993, any private nonprofit organization which has experience in exchange programs and demonstrates a capacity to carry out such programs in the independent states of the former Soviet Union or in the Baltic States; and

(2) during fiscal years 1994 through 1997, a private, nonprofit corporation to be established which shall be designated by the President to carry out the educational exchange program assisted under this subtitle through the awarding of grants to private, nonprofit organizations described in paragraph (1), which corporation shall be known as the Educational Exchange Endowment (hereafter in this title referred to as the "Endowment").

(c) DURATION.—The President shall award grants under this section during the period beginning on October 1, 1992, and ending on September 30, 1997.

(d) ADMINISTRATIVE EXPENSES.—Each eligible organization receiving a grant under this subtitle may use not more than 10 percent of such grant for administrative expenses.

(e) APPLICATION.—(1) Each eligible organization seeking a grant under this section shall submit an application to the President at such time, in such manner, and accompanied by such information as the President may reasonably require.

(2) Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities for which assistance under this section is sought; and

(B) provide such additional assurances as the President determines to be essential to ensure compliance with the requirements of this section.

(f) MATCHING FUNDS.—The President is authorized to seek private funds to supplement or match public grants for the programs authorized by this title.

(g) ELIGIBILITY FOR GRANTS.—Grants may be made to eligible organizations only if such organizations agree to comply with the requirements specified in this subtitle.

(h) IMPLEMENTATION.—In carrying out this subtitle, the President shall—

(1) encourage colleges and universities receiving students to supplement public grants with their own resources, to the extent possible; and

(2) allow for a wide range of United States institutions to participate in programs under this subtitle.

(i) COMPLIANCE WITH BUDGET ACT.—The authority to make grants under this title shall be effective only to such extent or in such amount as are provided in appropriations Acts.

SEC. 212. SECONDARY SCHOOL STUDENTS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(1) shall be used to finance—

(A) visits of short duration by eligible secondary students, to the United States, to any of the independent states of the former Soviet Union, or to any Baltic state, with priority accorded to visits that take place during fiscal year 1993; or

(B) studies, instruction, and other educational exchange activities in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, for eligible secondary school students.

(2) Of the amount of grants awarded under section 211(a)(1), not more than 35 percent in fiscal year 1993 and not more than 15 percent in each of fiscal years 1994 through 1997 may be used for the purpose of paragraph (1)(A).

(b) CONDITIONS.—(1) The President may require that a portion of a grant awarded under section 211(a)(1) be used only for educational activities that are conditioned on the reciprocal exchange of American students.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(1) may be used to finance educational exchanges of American students under this section.

(3) No grant awarded under section 211(a)(1) may be used to reimburse any United States citizen for hosting an eligible secondary student.

(c) DEFINITION.—For purposes of this section, the term "eligible secondary school student" means a secondary school student from the United States, any of the independent states of the former Soviet Union, or any Baltic state who—

(1) is at least 15 years of age;

(2) is attending school at a grade level equivalent to any of the grade levels 10 through 12 in United States secondary schools or has just completed secondary school in any of the independent states of the former Soviet Union or any Baltic state; and

(3) has a minimum level of proficiency in English, as determined by testing.

(d) ADMINISTRATION.—To the maximum extent practicable, a grant under this section shall be used to support the activities described in subsection (a) for secondary school students of widely divergent backgrounds.

(e) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $65,000,000 for fiscal year 1993, $165,000,000 for fiscal year 1994, and $240,000,000 for the period consisting of fiscal years 1995 and 1996, and $120,000,000 for fiscal year 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 213. COLLEGE STUDENTS.

(a) GRANT USES.—Grants awarded under section 211(a)(2) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible college students in institutions of higher education in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with special emphasis on—

(1) those students who are studying to become English teachers; and

(2) those students who are seeking to acquire knowledge or skills applicable to restructuring the economy or building democratic institutions.

(b) CONDITION.—(1) The President may require that an eligible organization in order to receive a grant under section 211(a)(2), agree to use a portion of such grant for educational activities that are conditioned on the institution of higher education providing an eligible college student with some financial resources, either in the form of room and board or as a waiver of tuition.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(2) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible college student" means a student enrolled in four-year programs of study at a community college, college or university in the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any American-founded school in the former Soviet Union, and who—

(1) has completed at least one year of study and is not in the last year of such study; and

(2) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $55,000,000 for fiscal year 1993, $90,000,000 for fiscal year 1994, and $108,000,000 for the period consisting of fiscal years 1995 and 1996, and $36,000,000 for fiscal year 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 214. GRADUATE STUDENTS.

(a) GRANTS USES.—Grants awarded under section 211(a)(3) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible graduate students in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with emphasis on those students who are seeking to acquire knowledge or skills applicable to restructuring an economy or building democratic institutions.

(b) CONDITION.—Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(3) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible graduate student" means a student from the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any student attending an American-founded university in the former Soviet Union, who—

(1) is enrolled in a graduate course of study at a college or university;

(2) has completed one year of such study; and

(3) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $8,500,000 for fiscal year 1993, $11,000,000 for fiscal year 1994, and $12,000,000 for each of fiscal years 1995 through 1996, and $4,000,000 for fiscal year 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 215. "SISTER" UNIVERSITY PROGRAM.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(4) shall be used to finance visits and other interchanges between professors and educators of eligible paired institutions for the purpose of developing curriculum and otherwise strengthening ties between the independent states of the former

Soviet Union and the Baltic states and the United States at the institutional level.

(2) Each grant awarded under this subsection shall be in the amount of $50,000.

(3) Each grant awarded under this subsection to eligible paired institutions may be disbursed during a period of two fiscal years.

(b) DEFINITION.—For purposes of this section, the term "eligible paired institutions" means—

(1) in fiscal year 1993, a pairing by the President, or

(2) in any of the fiscal years 1994 through 1997, a pairing by the Endowment,

of one United States institution of higher education with a college or university in any of the independent states of the former Soviet Union or any Baltic state wherever such pairing is likely to promote a continuing relationship between the institutions after the termination of assistance under this subtitle.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $3,000,000 for fiscal year 1993, $4,000,000 for fiscal year 1994, and $5,000,000 for each of fiscal years 1995 through 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 216. LEADERSHIP BY EXAMPLE GROUPS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(5) shall provide eligible persons with internships in enterprises in the United States for durations of six months or less.

(2) Such program may be referred to as the "Leadership by Example Groups (LEGS) Program".

(3) A portion of each grant may be used to provide limited advanced English language training to interns before coming to the United States.

(4) As used in this subsection, the term "enterprises" includes, but is not limited to, enterprises in the fields of agricultural production, agri-business, telecommunications, finance, health care, natural resource management, environmental protection, and oil and mineral exploration and extraction.

(b) CONDITION.—(1) Each eligible organization receiving a grant under section 211(a)(5) awarding internships shall require that a small business or appropriate chamber of commerce provide a portion of the costs of the internships, such as the costs of medical and dental insurance or housing for internship recipients.

(2) Internships funded under this section shall be apportioned among the States on the basis of population.

(c) DEFINITION.—For purposes of this section, the term "eligible person" means a national of any of the independent states of the former Soviet Union or any Baltic state who—

(1) is under 40 years of age; and

(2) has a minimum level of training in the English language.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the President $20,000,000 for fiscal year 1993, $60,000,000 for fiscal year 1994, and $100,000,000 for each of fiscal years 1995 through 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 217. AUTHORIZATION AND MANDATE.

(a) AUTHORIZATION AND MANDATE.—(1) The Congress authorizes and urges the President to establish a program of support for exchanges of governmental officials with the independent states of the former Soviet Union and Eastern Europe.

(2) Such program may be referred to as the "Partnership for Essential Governmental Services".

(3) As part of such program, the President is authorized to make available, on a volunteer basis and as appropriate, Federal civil service employees of departments and agencies of the United States for temporary duty in the independent states of the former Soviet Union and Eastern Europe to assist those countries in the development of essential governmental services.

(b) IMPLEMENTATION.—(1) The program authorized by subsection (a) should be carried out by existing agencies of United States Government and by volunteer-coordinating organizations such as the Citizens Democracy Corps, and should place upon each participating foreign government the primary responsibility for—

(A) identifying specific needs for such advisory assistance; and

(B) bearing in-country living expenses of American governmental officials seconded to advise that government.

(2) The President may provide assistance to those independent states of the former Soviet Union which cannot meet their share of the cost of this program.

SEC. 218. ADMINISTRATIVE REQUIREMENTS FOR THE ENDOWMENT.

In order to receive assistance under this subtitle, the Education Exchange Endowment shall comply with the following requirements:

(1) The Endowment shall have the capacity to receive, accept, solicit, and collect private funds to supplement Government grants received under this subtitle and shall agree actively to seek such private funds.

(2)(A) Officers of the Endowment may not receive any salary or other compensation from any source, other than the Endowment, for services rendered during the period of their employment by the Endowment.

(B) If an individual who is an officer or employee of the United States Government serves as a member of the Board of Directors or as an officer or employee of the Endowment, that individual may not receive any compensation or travel expenses in connection with services performed for the Endowment.

(3)(A) The Endowment shall not issue any shares of stock or declare or pay any dividends.

(B) No part of the assets of the Endowment shall inure to the benefit of any officer or employee of the Endowment, or any other individual, except as salary or reasonable compensation for services.

(4) The accounts of the Endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Endowment are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment and necessary to facilitate the audits shall be made available to the person or persons conducting the audits. The Endowment shall make available to such person or persons full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians.

(5)(A) The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Endowment are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment pertaining to its financial transactions and necessary to facilitate the audit. The Endowment shall make available to such representatives full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Endowment shall remain in the possession and custody of the Endowment.

(B) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform the Congress of the financial operations and condition of the Endowment, together with such recommendations with respect thereto as he may deem advisable. The report shall also identify any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made contrary to the requirements of this subtitle. A copy of each report shall be furnished to the President and to the Endowment at the time submitted to the Congress.

SEC. 219. EFFECTIVE DATE.

This subtitle shall take effect on October 1, 1992.

Mr. BRADLEY. Mr. President, I rise to introduce the Freedom Exchange Act as an amendment to the Freedom Support Act that we are considering at this moment in the U.S. Senate. Joining me as my principal cosponsor in this is Senator KERREY of Nebraska, and joining as original cosponsors are Senators BOREN, WIRTH, BRYAN, REID, DIXON, KENNEDY, and HARKIN.

Mr. President, this amendment will provide the creation of a massive exchange program with Russia and the newly independent states. We hope these programs will become components of any assistance package that the U.S. Government provides to the region.

The purpose of these educational exchanges is to bring young people from the region to the United States so that they might experience firsthand how a free market democracy functions. Person-to-person contact, not dollars, will create the bonds that will construct an era of mutual respect to replace the cold war era of mutual suspicion.

On a long-term basis, it is not food or supplies that Russia and the newly independent states need, but a vision, a vision of what their new societies could look like, a vision of what their societies should look like. By accepting students into their homes and lives, Americans can help provide this. This program calls for the personal involve-

ment that the other aid programs do not demand of Americans. Instead of shipping over a plane full of advisers, we will bring in a plane full of talented young people. They will come into our communities to live, study, to work. We believe that that is what the situation demands.

The dramatic changes we have witnessed in the world in recent years should prompt us to reflect on our Nation's task in the years ahead. How can we adapt to this altered world?

Mr. President, I believe that recent events will lead to a redefinition of our superpower role. We will continue to exercise that leadership, but in a new form, a multipolar, multicultural world. I believe that we have to lead by our example.

We should be able to lead the world by our example of a pluralistic democracy whose growing economy takes everybody to higher ground, a society that is free and democratic, a nation striving to accommodate ethnic and religious minorities, a nation of economic opportunities.

We recognize our problems as well, and that, too, is a way we can show others that it is a key element of the democratic society to recognize and face problems. But in order to lead by example, we should give the young people of these former Communist republics the chance to see for themselves what a free market democracy means and how our institutions work. But doing so, we can provide the type of aid that they most need.

The needs of the states of the former Soviet Union and the Baltic are many. They need skill-building, institution-building, so they can begin the process of nation-building. All of this will require increased understanding of democratic principles.

The Iron Curtain between our societies has parted, Mr. President, but contact between our people and the people of the former Soviet Union remains woefully limited.

We have to make up for 40 years of barriers between our citizens and theirs. We cannot afford to be complacent. A slow response risks retrenchment of economic and democratic reforms, and risks the growth of new versions of authoritarian rule.

We want to see large numbers of people coming into our high schools, community colleges, universities or businesses as early as January of 1993.

Over the course of the program's 5-year duration, hundreds of thousands of students and young managers would come over a minimal cost and significant benefit to the American taxpayer.

There are five components of the program: A high school exchange, an undergraduate exchange, a graduate student exchange a sister university program, and a professional and small businesses exchange.

The key component is the high school exchange. We need to reach the youth of these states early in their development. When this program is fully implemented, high school students will come to America each year. They will live with families, attend schools, and return to their own homes having learned about our institutions, our skills, and our values. They will have acquired a better appreciation of how they, the future leaders, can create their own institutions.

The undergraduate and university exchanges would be on a smaller, but still significant, scale. The sister university program would create links between our universities, colleges, and community colleges and their institutions of higher learning.

Our leadership by example groups program would provide a means for small business young managers and other professionals to come to the United States and work in a wide variety of private enterprises for up to 6 months. Some examples of the fields in which these trainees may work are agri-business, health care, finance, natural resource management, environmental protection, and small business. We would like to see these trainees spread across the country, represented in each State. Americans across the country should be involved in playing host to the citizens of these independent states.

Russia and the former Republics need to proceed with the massive job of restructuring the economy. The runaway deficit of 25 percent of GNP must be reduced and eliminated, and hyperinflation must be avoided. Subsidies to inefficient enterprises must be cut, bureaucracies shrunk, property privatized, a banking system and financial infrastructure built, effective tax laws passed, clear rules and laws enacted governing development, foreign investment, and repatriation of profits, and finally a clear policy on labor. That is a lot to do.

Mr. President, there have been some modifications to the bill since it was originally introduced last month. Senator KERREY and I have incorporated suggestions of a number of my colleagues. For example, Mr. WIRTH had called for the creation of a partnership for essential governmental services through which Federal officials might work in the former Soviet Union to assist in establishing governmental services as well as free market institutions. Mr. BOREN had suggested an expansion of our originally proposed small business exchange into a more expansive Leadership by Example Groups Program. I express my appreciation to my colleagues for their contributions and suggestions.

American businesses that sponsor young managers from the former Soviet Union have much to gain. The experience will assist them to break into this market of 300 million new consumers by increasing their understanding of local conditions and opportunities for investment. The program would also enable them to establish contacts with future business leaders. The young people going back will be taking the lead in transforming the economy, and the businesses they establish would be ideal candidates for joint ventures with American counterparts.

Mr. President, cultural exchanges benefit both sides. We would be assuring peaceful ties between these nations and ours. But, let us not forget that we ourselves would benefit tremendously from this program. The lives of many Americans would be enriched by the exposure to foreign students in their classrooms or homes. And Americans studying in Kiev, St. Petersburg, Vilnius, and Alma-Ata will return with a better understanding of the people of these new Republics; they will also have the unique privilege of witnessing first-hand the expansion of the frontiers of democracy. It is an experience that they will never forget.

Mr. President, aid must be more than financial assistance. Nothing short of a massive exchange and sharing of ideas, people, and training will accomplish our broader long-term goals of economic prosperity and political security for Russia, for her neighbors, and for ourselves.

We need to get beyond the politics of the moment, the deficit of the hour, the military count of the day. We need to get beyond the numbers that rarely shape events. Our long-term investment must be in people and in the values of democracy and individual liberty.

At the end of World War II, the Germans and the French, who had fought each other three times in 70 years, sought a way to prevent future conflict by knitting a web of human relationships between their two peoples. Every year for the last 40 years, between 40,000 and 60,000 German and French young people have lived in the other's country. This massive exchange program led to a deeper understanding and a bond of common experience. At the end of World War II, the United States also began exchange programs with Germany and Japan. At one point, it was said over half the Bundestag had been to the United States in an exchange program. Once people had experienced America by living here, they never forgot it. Americans in their everyday life were the best ever teachers of American values. This is why now, at the end of another war in which we have triumphed, the whole American people should be called to service again.

The program envisioned by the Freedom Exchange Act would meet this call to service. Beginning in January 1993, and building over 5 years, the program would bring up to 80,000 people to the United States per year: 50,000 high school kids from Russia and other Re-

publics, 10,000 college students, and 1,000 graduate students. In addition, the program would bring 20,000 small businessmen to live and to learn basic business in communities across America.

More Chinese study in America every year than Russians have studied here since World War II. Last year, 1991, while there were 177,000 college students from Taiwan, China, Japan, India, and Singapore studying in United States colleges, there were only 1,200 Russians.

Last year, there were only 814 Russians in United States high schools. A young Russian who is 16 today was 9 when Gorbachev took over and perestroika began to bring change. In 5 years, she or he will be 21. Now is the time to let them experience America, learning what life is like in a market democracy with a heart. They will see the openness, generosity, pride, and democratic reality of America. Their experience would bring our peoples together in countless ways, creating bonds that would last a lifetime.

In 1989, I visited a group of high school students in Alma-Ata in Kazakhstan. They had just returned from America on a high school exchange with Central High School in Phoenix, AZ. I asked them what they remembered most vividly. One girl raised her hand and said, "the farewell." I looked around and many of the other kids had tears in their eyes. "What do you mean," I asked. "Well," the girl continued, "when we were at the airport, the girl I stayed with came up to me, put a key in my hand, and said, 'Here, this is the key to our home. If you're ever in Phoenix again and we're not home, use it and make yourself comfortable. You know where the icebox is.'" It is that kind of bond and experience, multiplied by thousands, that the freedom exchange will create. Combined with the skills and awareness that the young people and small businessmen will acquire, the freedom exchange will promote the long-term interest in America.

Mr. President, these exchange programs are cost effective. For far less than the cost of one Stealth bomber, we can bring over 80,000 students here in any given year. Our program, which if fully funded costs $150 million for the first year, represents only one-twentieth of 1 percent of the $300 billion we spend each year in defense. Yet, this program has the potential of ensuring peace in a manner which the military can no longer achieve. This is very little to pay for such long-term results.

Also, the program is structured so that public funds would be supplemented by private assistance. In this fashion, public funds would be leveraged for greatest impact. But in one respect, the cost of the program is high. A cost not in dollars, but in human investment. Americans will be asked to open their homes to Russian or Lithuanian, Ukrainian, or Kazakhstan students, and open themselves as well to a new experience.

At a time of historic opportunity, here is our chance to make an investment in the future, to the benefit of us all. The high school students arriving next year will in a short time be active participants in their own countries' evolving political system. By touching their lives, we share with them the power of our own pluralistic democracy. And what better way to do this, than by exposing these young people to the individual Americans who know these values best. The benefits and opportunities of this kind of exchange program were recognized as early as 1989, when Senators PELL, BOREN, COHEN, and others urged President Bush to move quickly to increase educational exchange programs between the United States and the newly independent countries. I urge my colleagues to join with us to make this happen.

Mr. President, some people say this program is too big, that the existing exchange programs cannot handle these numbers. But, Mr. President, I have here letters of support signed by over 50 educational and exchange organizations which express their enthusiasm for this program. They are ready to respond to this challenge.

Mr. President, I also submit for the record letters of support for the amendment I have received from various educational and student organizations, and I ask unanimous consent that they be printed in the RECORD.

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

SUMMARY—FREEDOM EXCHANGE ACT

This bill would provide for the creation of massive exchange programs with the former Soviet Union and the Baltics. The purpose is to bring young people of the region to the United States so that they might experience first-hand how a free market democracy functions.

There are five different exchange programs envisioned: high school, undergraduate and graduate student exchanges; a sister university program and a Leadership by Example Groups program which will bring over business trainees.

In the first fiscal year, the program would provide the means for bringing over to the U.S. 7,000 high school students, 2,000 college students, 300 graduate students, and 4,000 managers to work in small businesses throughout the U.S. The managers would spend 6 months interning in U.S. businesses. The training will enhance their ability to participate in economic restructuring on their return to the independent states.

The numbers would increase during the course of the program. By the fifth year, participants would include 50,000 high school students, 10,000 college students, 1,000 graduate students, and 20,000 managers. Grants to sister university programs would be available to 100 university pairings by the fifth year.

In the total five years, there would be over a quarter of a million students moving on this exchange program. This would include 177,000 high school students, 37,000 college students, 3,900 graduate students and 76,000 in the Leadership by Example small business exchange program.

Funding would be provided in the first year through existing agencies. Private voluntary agencies involved in international youth or citizen exchange programs would be eligible to apply for grants. By the second year, the program would be run by a newly incorporated private not-for-profit organization. The exchange programs would sunset after five years.

The program would authorize $150 million in grants during the first fiscal year and $330 million the second year. By the fourth year, a total of $465 million would be granted to non-profits for the purposes of these exchange programs.

Public support would be supplemented by private funding. Colleges and universities receiving students would be expected to supplement public resources, wherever possible. Small businesses or local communities receiving managers would be responsible for housing and medical insurance. In addition, the newly incorporated foundation would be able to raise funding for private donors.

TARGETS AND BUDGET AUTHORIZATIONS, THE FREEDOM EXCHANGE ACT

FISCAL YEAR 1993

High school: $66 million.
Students: 7,000 in fiscal year 1992-93, 20,000 in fiscal year 1993-94.
College: $55 million.
Students: 2,000 in fiscal year 1992-93, 5,000 in fiscal year 93-94.
Graduate $8.5 million.
Students: 300 in fiscal year 1992-93, 600 in fiscal year 1993-94.
Small business: $20 million.
Trainees: 4,000 in fiscal year 92-93.
Sister university and colleges: $3 million.
Total authorization: $152.5 million.

FISCAL YEAR 1994

High school: $165 million.
Students: 20,000 in fiscal year 1993-94, 50,000 in fiscal year 1994-95.
College: $90 million.
Students: 5,000 in fiscal year 1993-94, 10,000 in fiscal year 1994-95.
Graduate: $11 million.
Students: 600 in fiscal year 1993-94, 1,000 in fiscal year 1994-95.
Small business: $60 million.
Trainees: 12,000 in fiscal year 1993-94.
Sister university and colleges: $4 million.
Total authorization: $330 million.

FISCAL YEAR 1995

High school: $240 million.
Students: 50,000 in fiscal year 1994-95, 50,000 in fiscal year 1995-96.
College: $108 million.
Students: 10,000 in fiscal year 1994-95, 10,000 in fiscal year 1995-96.
Graduate: $12.5 million.
Students: 1,000 in fiscal year 1994-95, 1,000 in fiscal year 1995-96.
Small business: $100 million.
Trainees: 20,000 in fiscal year 1994-95.
Sister university and colleges: $5 million.
Total authorization: $465.5 million.

FISCAL YEAR 1996

High school: $240 million.
Students: 50,000 in fiscal year 1995-96, 50,000 in fiscal year 1996-97.
College: $108 million.
Students: 10,000 in fiscal year 1995-96, 10,000 in fiscal year 96-97.
Graduate: $12.5 million.

Students: 1,000 in fiscal year 1995-96, 1,000 in fiscal year 1996-97.
Small business: $100 million.
Students: 20,000 in fiscal year 1995-96.
Sister university and colleges: $5 million.
Total authorization: $465.5 million.

FISCAL YEAR 1997

High school: $120 million.
Students: 50,000 in fiscal year 1996-97.
College: $36 million.
Students: 10,000 in fiscal year 1996-97.
Graduate: $4 million.
Students: 1,000 in fiscal year 1996-97.
Small business: $100 million.
Students: 20,000 in fiscal year 1996-97.
Sister university and colleges: $5 million.
Total authorization: $265 million.

TOTAL AUTHORIZATION

High school: $831 million.
College: $397 million.
Graduate: $48.5 million.
Small business: $380 million.
Sister university and colleges: $22 million.
Total authorization: $1.68 billion.

THE LIAISON GROUP FOR INTERNATIONAL EDUCATIONAL EXCHANGE,
Washington, DC.

When the Senate considers the Freedom for Russia and Emerging Eurasian Democracies and Open Market Support Act (S 2532), the undersigned organizations urge you to support Senator Bradley's amendment to provide for a substantial five-year educational exchange program with the Baltic states and the former republics of the Soviet Union.

We believe that it is absolutely crucial to the future of these emerging democratic nations that the United States provide significant new opportunities for large numbers of their young people to benefit from the United States' unparalleled educational resources and to experience first-hand how democratic institutions and a free market economy operate. International exchange programs are a proven, reliable, low-cost means to provide this critical experience. It should be noted, for example, that Aleksandr Yakovlev, whom many regard as the main architect of the reform efforts of Mikhail Gorbachev, was a U.S. government-sponsored student at Columbia University in the late 1950's.

It is also critically important for our future relations with these nations that American young people have increased opportunities to live in the homes and study in the classrooms of their counterparts in the former republics of the Soviet Union. We must begin to learn the languages and study the cultures of this ethnically diverse region.

While we believe that several aspects of the Freedom Exchange Act (S 2777) which Senator Bradley introduced on May 21st need to be reviewed and some adjustments may be needed, we are confident that such changes can be made during further congressional consideration of the assistance legislation for the former republics.

In asking for your support for Senator Bradley's amendment, we also urge you to ensure that funds for these new exchanges not be taken from USIA's existing exchange programs. USIA's exchange programs, currently funded at under $200 million in total, are critical to maintaining relations both with the former Soviet Union and other world regions; many of those regions already having lost ground as programs with the former Soviet bloc have expanded. We are pleased, in this regard, to learn that the House Appropriations Committee has agreed to provide $50 million from the 1993 Foreign Operations appropriation to fund the exchanges Senator Bradley is proposing. It is critical that Congress provide additional funding at least at this level.

Thank you very much for your consideration of our views on this important issue.

Academy for Educational Development
AFS Intercultural Programs
America-Mideast Educational & Training Services, Inc.
American Association of Collegiate Registrars and Admissions Officers
American Association of Community and Junior Colleges
American Council of Teachers of Russian/American Council for Collaboration in Education and Language Study
American Council on Education
American International Student Exchange
American Scandinavian Foundation
American Secondary Schools for International Students and Teachers
American-Soviet Cooperative Exchange
ASPECT Foundation
Association of International Education Administrators
Association for International Practical Training
CDS International, Inc.
Citizen Exchange Council
The College Board
Community Colleges for International Development
Council for International Exchange of Scholars
Council of Graduate Schools
Council of International Programs
Council on International Educational Exchange
Delphi International Group
Educational Testing Service
The Experiment in International Living
The Friendship Force
The Fulbright Association
Institute of International Education
InterExchange, Inc.
International Christian Youth Exchange
International Research and Exchanges Board
Latin American Scholarship Program of American Universities
Meridian House International
Nacel Cultural Exchanges
NAFSA: Association of International Educators
National Association of Secondary School Principals
National Council for International Visitors
Nation FFA Organization
North Carolina Center for International Understanding
Ohio State University Agricultural Intern Program
Open Door Student Exchange
People to People International
Sister Cities International
World Exchange
YMCA International Program Services
Youth for Understanding

Sincerely,

CARL A. HERRIN,
Executive Director.
NORMA J. PETERSON,
Executive Secretary.

NATIONAL SCHOOL BOARDS ASSOCIATION,
June 30, 1992.

SUPPORT FOR S. 2777, THE FREEDOM EXCHANGE ACT

DEAR SENATOR: On behalf of the National School Boards Association (NSBA), which represents the 97,000 local school board members who govern the nation's public schools, I urge you to support the Bradley amendment to the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992."

The Bradley amendment (S. 2777) would finance an educational exchange program designed to give former Soviet students and citizens an opportunity to experience firsthand how a free market democracy works. It would also, in part, finance the educational exchange of American students traveling to the Independent states.

The Bradley amendment provides an important opportunity in charting our nation's emerging relationship with the former Soviet Union. It will help bridge the many social and cultural gaps and misunderstandings that now exist between our peoples after the decades-long Cold War. It will also challenge the spirit of a new generation of American youth to help cement lasting global friendship and economic cooperation with Eastern Europe's emerging democracies.

According to the National Association of Secondary School Principals, that organization has already exchanged 3,000 students with Russia and the independent states. The exchanges have been invaluable in breaking down cultural barriers and strengthening our own curriculum in history, geography, foreign language, and social studies.

For these reasons, we urge your support of the Bradley amendment when the Russia aid bill reaches the floor. NSBA would be pleased to work with the Senate on specific details as the bill moves through Congress.

Sincerely,

MICHAEL A. RESNICK,
Associate Executive Director.

THE NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS,
Reston, VA, June 23, 1992.

DEAR SENATOR: On behalf of the 43,000 members of the National Association of Secondary School Principals, I urge you to support the Bradley amendment to the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992." The Bradley amendment (S. 2777) would finance an educational exchange program designed to give former Soviet students and citizens an opportunity to experience first hand how a free market democracy works. It would also, in part, finance the educational exchange of American students traveling to the independent states.

We believe that this is a vitally important aspect of our nation's effort to provide assistance to Russia and the independent states. It will provide high school and college students, as well as citizens, the once in a lifetime opportunity to witness the American way of life and thus return to their emerging democracies with the practical experience necessary to successfully fulfill the on-going democratic revolution back home.

NASSP has already exchanged some 3,000 students with the former Soviet Union and independent states. (We have attached a list of American schools which are presently receiving and sending students to the independent states.) These exchanges have been invaluable in breaking down cultural barriers between our peoples. Furthermore, these exchanges greatly enhance the effort to strengthen our curriculum in areas of history, geography, foreign language, and social studies, to name a few. Strong bonds have formed between our overseas guests and their host families, communities and educators.

We sincerely hope that Congress will view the Bradley amendment as a long term in-

vestment in world peace and as a means of enlisting our students, school officials and communities as American diplomats in this important effort. The nation's secondary school principals are committed to implementing this program as soon as it is enacted for the purposes of improved international cooperation as well as improved education here at home. We strongly urge you to support the Bradley amendment when it comes to the floor this week.

Sincerely,

TIMOTHY J. DYER,
Executive Director.

LIST OF SCHOOLS IN THE CIS PROGRAM

A.C. Flora H.S., Columbia, SC
Abington Heights H.S., Clarks Summit, PA
Adams H.S., Rochester Hills, MI
Amherst Regional H.S., Amherst, MA
Arlington H.S., Lagrangeville, NY
Ballard H.S., Louisville, KY
Barrington H.S., Barrington, IL
Bartlett H.S., Anchorage, AK
Bellaire H. S., Bellaire, TX
Bethesda Chevy-Chase H.S., Bethesda, MD
Central H.S., Phoenix, AZ
Chartfield Senior H.S., Littleton, CO
East Anchorage H.S., Anchorage, AK
East Baton Rouge H.S., Baton Rouge, LA
Episcopal H.S., Alexandria, VA
Exeter Area H.S., Exeter, NH
Friends School of Baltimore, Baltimore, MD
Caddo Magnet School, Shreveport, LA
Cherry Creek H.S., Englewood, CO
Choate Rosemary Hall, Wellington, CT
Cleveland H.S., Portland, OR
Columbus Alternative H.S., Columbus, OH
DeVilbiss H.S., Toledo, OH
Gaithersburg H.S., Gaithersburg, MD
Garfield H.S., Seattle, WA
George School, Newtown, PA
Glastonbury H.S., Glastonbury, CT
Henry Foss H.S., Tacoma, WA
High Point Senior H.S., Beltsville, MD
The Hill School, Pottstown, PA
Illinois Math and Science Academy, Aurora, IL
John Carroll H.S., Bel Air, MD
La Cueva H.S., Albuquerque, NM
Lakeside School, Seattle, WA
Lincoln H.S., Portland, OR
Mariner H.S., Everett, WA
McAteer H.S., San Francisco, CA
Medford H.S., Medford, OR
Newton North H.S., Newtonville, MA
Nikolaevsk School, Anchor Point, AK
Northfield Mt. Hermon School, Northfield, MA
Northwest School, Seattle, WA
Omaha North High School, Omaha, NE
Phillips Exeter Academy, Exeter, NH
Phillips Academy, Andover, MA
Princeton H.S., Cincinnati, OH
Princeton Day School, Princeton, NJ
Rangeview H.S., Aurora, CO
Rocky Mountain H.S., Fort Collins, CO
Sam Houston H.S., Arlington, TX
South Eugene H.S., Eugene, OR
South H.S., Minneapolis, MN
South St. Paul H.S., South St. Paul, MN
Sparta H.S., Sparta, NJ
St. Albans School, Washington, DC
St. Louis University H.S., St. Louis, MO
St. Mary H.S., Medford, OR
Standley Lake H.S., Broomfield, CO
Staten Island Technical H.S., Staten Island, NY
Tenafly H.S., Tenafly, NJ
Topeka H.S., Topeka, KS
University H.S., Urbana, IL
Valley H.S., West Des Moines, IA
Vestal H.S., Vestal, NY
Walden III H.S., Racine, WI
Washington H.S., Cedar Rapids, IA
Watkins Mill H.S., Gaithersburg, MD
Westside H.S., Omaha, NE
Weymouth H.S., S. Weymouth, MA
Woodbury and Park H.S., Woodbury, MN
Wylie E. Groves School, Beverly Hills, MI

MANANA SHEVARDNADZE
PRODUCTIONS, INC.,
Moscow, June 22, 1992.

Hon. BILL BRADLEY,
U.S. Senate, Senate Office Building, Washington, DC.

DEAR SENATOR BRADLEY: I was glad to hear of your proposal to introduce legislation to expand funding for exchanges of all kinds between the United States and the former Soviet Union.

As a citizen of The Republic of Georgia, I want to express my sincere support for this proposal. I have had the opportunity to get to know many Americans through The Friendship force and its citizen exchanges to my country. As a result of the "Georgia-to-Georgia" and other exchanges, many people have been brought together and many worthwhile projects have been established.

If I can provide additional information to help you in this effort please let me know. I am returning to my country soon but can be reached through The Friendship Force office in Atlanta.

Sincerely,

MANANA SHEVARDNADZE.

Mr. BRADLEY. Mr. President, at this time, I yield the floor to my distinguished cosponsor, Senator KERREY.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. KERREY. Mr. President I do rise with great enthusiasm as a principal cosponsor of the Freedom Exchange Act and understand the fiscal constraints that are contained in the overall proposal. I believe very strongly in these kinds of exchange programs. Though they may not appear to be as grandiose, I believe long-term they will produce the greatest benefit.

I had the honor of going to Russia and Ukraine with the senior Senator from New Jersey and Congressman JIM LEACH over the Easter recess. It was my second trip to what is now known as the newly independent states.

I must say, Mr. President, that the list of problems and questions that need to be answered by politicians that are struggling with constitutional questions related to federalism, relating to the structures of their economy,—the kinds of questions that are being asked by the people themselves, about how do we solve some of the problems of the environment of our elderly and children, the kinds of detailed questions that are being asked by individuals about how do we create an environment for economic wealth—I do not believe those kinds of questions can be answered in a short period of time, nor do I think they can be answered by consultants going and providing short courses. I believe they will only be answered by people growing in their own capacity to establish democratic institutions and to establish market reforms as well.

Mr. President, I would just identify one example of a sort of benefit that comes through this kind of exchange program that occurred as a result of an effort by the University of Nebraska Business School, where a group of people from our university went to Moscow, conducted a course with Moscow State University faculty and students.

The net effect of that was that Moscow State University is now going to be producing a half-million copies of an American economic textbook that will be used to teach Moscow's finest. Moscow State University educates the finest of Moscow's young people. They will now be provided, instead of lessons in Marxism-Leninism, lessons in market economy.

I am not arguing that just as a consequence of use of that textbook they are going to be able to produce the kind of profit, the kind of wealth that a market economy will produce. But it is an example of the kind of detailed information that people have to acquire before they are going to be successful in putting together the rather difficult system that we have put together.

I had a friend in Nebraska that suggested that these kinds of exchange programs are risky, that they might come to the United States of America and see democracy in action, see Congress in action and say "My gosh, maybe we do not want to do this after all."

It reminded me of a movie called "Say Anything" where a young valedictorian, having gone to college for a little bit, stood before this audience of young people and said, "I have sort of seen the future and, having seen the future, all I can say is go back."

I do not believe the people of the former Soviet Union, the new independent States, can go back. They can only go forward. These kinds of exchange programs, long-term, will produce the most progress for the money.

I appreciate the support of the managers of the bill, both the Senator from Rhode Island and the Senator from Indiana, for this legislation. I appreciate their cooperation in developing the amendment.

Mr. PELL addressed Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I think the concept of this bill is an excellent one. I think as you come around the work and ask the different Ambassadors what program is there in the United States that is of the greatest benefit to American national interests, and the cause in which we believe, they will almost invariably reply it is the exchange program which is now run in such a very modest and tiny way.

While the concept is great and the figures are ambitious, I would like to

see them reached, but we may not achieve that. But the idea is excellent. I look forward to voting for this amendment±.

Mr. LUGAR. Mr. President, each one of us in this body will find enthusiasm with the thought of very extensive exchange programs with Russia, Ukraine, and other republics of the former Soviet Union. The concept that has been presented is an extraordinarily admirable one. I say that at the outset because many of us have been involved in coming before this body asking for authorization and then supporting appropriations for exchange programs.

My first concern, Mr. President, with the concept of such aid in this amendment is the cost associated with the amendment. The amendment clearly establishes a program which could be called gigantic. That is the intent of the authors. And that intent is largely supported by this membership.

The dilemma, Mr. President, is that the entire fiscal 1993 USIA budget request for all exchanges worldwide is $200 million. This legislation would add a series of new proposals which total $150 million additional expenditure of funds in fiscal year 1993.

In fiscal year 1994, that number increases to $335 million, and in each of the final 3 years of the program, the figure increases again to $476 million, 2½ times the totality of all exchange programs currently in the USIA budget.

Given the scope of this program, the dilemma the Senate will have, whether they are favorable or not, is that no funding source has been suggested. The problem in due course is thrown to the Appropriations Committee and to the Finance Committee.

It is clear for the moment at least, unless there are changes in the budget concept, that funding has to come out of the 150 account. And that could only be at the expense of other USIA activities. It could be very expensive if it came by earmark. That is really blotting out the totality of USIA exchange budget.

Thinking has been given as I understand of taking funds from foreign military financing programs. Other examples that come to mind are $50 million earmarked in the current House foreign aid appropriation bill for fiscal year 1993. But I would point out, Mr. President, that $50 million covers barely a third of the first year costs and, essentially, appropriators appear to have completed their work on the House side at this point.

Mr. President, I think it ought to be understood that USIA now runs an impressive array of exchange programs with the Republics of the former Soviet Union.

They run the gamut from high school exchanges to undergraduate programs to university linkages with CIS universities and senior researchers and scholars.

Among programs are familiar programs such as the Fulbright Scholarship Program, the Semantha Smith exchanges, the Ben Franklin fellowships. To fund the additional programs contemplated by this amendment could jeopardize the continuation of these very highly successful programs in operation now. There simply is not enough money to go around.

I suggest, likewise, that thought needs to be given to the accountability of the program. The amendment creates an educational exchange endowment, after the first year, to administer the programs. The amendment mandates the endowment be audited annually in accordance with generally accepted accounting standards, by independent certified accountants. Unfortunately, in the past when these types of safeguards have been mandated by law, the results have not always been mandated by law, the results have not always been satisfactory. But we have gone, recently, through a GAO report—in 1991—severely criticizing the National Endowment for Democracy procedures.

I point that out because there is a difference in accountability between an independent endowment account and USIA, as a part of the Department of State.

Mr. President, it appears to me that there is support for the concept and there is, I suppose, a hope on the part of the authors of the bill that by sketching something that is very substantial, at least something maybe even less substantial might be obtained. I think that is a probable outcome.

I think it is important at the outset of this debate, even if this amendment is ultimately acceptable and is a part of the Freedom Support Act, the Senators, maybe more important the American people, understand that very hard decisions must occur. Those are likely to start fairly soon at the appropriating process, the appropriating level. They are likely to continue through hard choices that the Foreign Relations Committee will have to make in subsequent years, as we try to work through the exchange prospects.

Finally, the amendment contemplates a situation which Members may either predict as likely or unlikely, namely the 150 account, foreign assistant account, the account that looks toward our relations with other countries, increases very substantially.

That has not been the trend of events. Therefore, Mr. President, in suggesting a scholarship program that has the potential for expenditures of close to half a billion dollars in the third, fourth, and fifth, years at a time when the 150 account has been in decline, due to the priorities of the Senate, but likewise due to the fiscal condition of the country, Senators really have to think carefully with regard to launching hopes that have no possibility, in my judgment, of fulfillment.

For those reasons I raise these reservations now, I hope in a timely way. I think there may be others on our side of the aisle who wish to be heard. I see the distinguished leader at hand and I am hopeful to hear his thoughts.

The PRESIDING OFFICER. The Chair recognizes the Senate Republican leader Mr. DOLE.

Mr. DOLE. Mr. President, I think the Senator from New Jersey has an excellent idea, but I do not know how we are going to pay for it over a 5-year period; a billion dollars, as I ended up. We just had a 2- or 3-day debate on the balanced budget amendment. And this is our first test, after rejecting the balanced budget amendment.

I can see why we did it because a lot of people want to keep on spending and keep on voting for billion dollar programs.

I am not certain. Have there been any hearings on this legislation? Have you had hearings? Has anybody testified? Has one witness from anywhere testified on this bill—or amendment I guess it is now? It seems to me it is a major piece of legislation. There should be, notwithstanding the good intentions of the Senator from New Jersey and its probable merit. Where do we find $1 billion? You indicate we are going to throw it over to the Appropriations Committee; it is only an authorization. That is generally the way, do not worry about it, it is only an authorization.

It just seems to me after 2 or 3 days of discussion on a balanced budget amendment, why it was so bad, this might be our first test, our first test. No hearings, several pages, a lot of good ideas. It has a lot of merit; $1 billion, $1 billion in authorization.

Mr. President, I hope either the amendment could be modified or rejected. I have not studied it carefully, but I can add up what would be the cost if it were fully authorized. I just challenge my colleagues. We have heard all these speeches why we did not need a balanced budget amendment. We had the will here to take care of things like this. So this is our first test and we will determine now who wants to spend $1 billion on something we have not a hearing on.

It seems to me that is a fairly substantial amount of money.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, I compliment the distinguished Senator from New Jersey on his concept here and what he is trying to do. There are a number of things about this amendment, though, that give me some heartburn. As chairman of the Appropriations Committee, this is a fiscal year 1993 bill, as I understand it. Yet,

this amendment would authorize $65 million for fiscal year 1993; $165 million for fiscal year 1994; and $240 million for the period consisting of fiscal years 1995 and 1996, and $120 million for fiscal year 1997 to carry out this.

Why are we authorizing moneys for fiscal years 1994, 1995, 1996, and 1997 in a fiscal year 1993 bill? That is No. 1.

No. 2, on page 8 of the amendment I find, on line 11, beginning on line 11, these words:

"Funds authorized to be appropriated in paragraph (1) are authorized to remain available until expended."

Mr. President, I am very much opposed to that provision. I think that these funds, if they are going to be appropriated by the Appropriations Committee, ought not to carry over. They ought not carry over, build up, and be available until expended. I am opposed to that language in an authorization bill. I think that is a matter for the Appropriations Committee to decide and a matter for the Senate to decide. So, I am very much opposed to that. If that is not taken out, I will offer an amendment to strike it.

Finally, I should call attention of our colleagues—call their attention to the fact that, because of the 1990 budget agreement, after fiscal year 1993, there are no caps, there are no categories. Everything is lumped into one pot. There will not be a foreign operations category. There will not be a military spending category. It will all be in one pot. That is in accordance with the budget agreement that was entered into at the 1990 summit.

But this amendment seeks to authorize for foreign operations in fiscal year 1993, fiscal year 1994, fiscal year 1995, fiscal year 1996, and fiscal year 1997. To do that would be to continue a category which is supposed to be nonexistent after fiscal year 1993. I oppose that.

It would be my suggestion that the amendment apply only to fiscal year 1993; that it be cut at least in half, and that the "authorization to remain available" be stricken. I have those objections.

It has been called to my attention that for the whole world exchange programs in fiscal year 1992 total $120 million. If this authorization were funded in fiscal year 1993, it would constitute over a 50-percent increase above the 1992 world exchange program appropriation.

We will have to find some way to deal with these problems that I have raised. The Senate will have to deal with them one way or the other. If the Senate wants to put its stamp of approval on this amendment, and, in so doing, add that much pressure to fund this program out of the one discretionary pot that the Appropriations Committee has for fiscal years 1994–97 under the 1990 Budget Act, why, that will be for the Senate to do. But it will be over my objection.

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I, too, would like to commend the distinguished Senator from New Jersey for his initiative with regard to exchanges. I think we all believe exchange programs are one of the most effective and most important things we did during the cold war period, to bring kids here from around the world, and hopefully instill in them some enthusiasm for democracy and capitalism. Those people went back and became the leaders of these emerging democratic capitalist countries that are springing up all around the world.

But there are at least two problems, it seems to me, with the amendment as it is currently written. The distinguished Republican leader and the President pro tempore have obviously described the financial problem; as I add it up, $1.2 billion, which is about twice the money in the entire underlying bill. Clearly, we just cannot afford a program at this level, as the Senator from West Virginia has pointed out.

But there is another problem with it, Mr. President, that I will just briefly allude to. Back in the sixties and seventies, the Soviets used to bring African youngsters to Moscow to attend school, something called the Patrice Lamumba University. Our people used to laugh about that, because virtually all the kids who went to Patrice Lamumba University went back hating the Soviet Union, and were wide open to the ideas that Americans were promoting.

In other words, they did not have a positive experience. When these African kids went to the Soviet Union in the dead of winter, they did not have a happy experience, and it turned those kids in another direction.

The point I am making, Mr. President, is clearly if we are going to have an exchange program, it needs to be organized in such a way and implemented effectively so that it is a positive experience for the kids, both those from here who go there and those Russian children who come here. And dumping a huge amount of money on this program instantly is simply not going to work. It just cannot be administered.

As a matter of fact, both our Government and our academic community, the clear majority of them, just simply doubt our capacity to absorb this number of students into this country, and our ability to send that significant number of Americans abroad and have them have a positive experience. Do we want them to land in Siberia in the winter?

Clearly, we have to not only pare the suggestion of the distinguished Senator from New Jersey down, but we have to make certain it is something we can handle, something that will be a positive experience for the students who participate in it.

I hope further discussions will ensue, and that we can work this out in a manner that will be acceptable to both sides.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I do not want to take much time, but only to reinforce my strong opposition to the amendment put forward by the Senator from New Jersey as it stands now. I share his belief that exchange programs can be very beneficial and positive, but this is very expensive.

There are many areas of the world in transition. There are many areas in which I think we need to be encouraging exchange of students. I am thinking, for one, of the number of African nations with which we exchange both ways, our students going there and their students coming here, which has a beneficial effect.

It is my hope—and I believe it will be possible—to work out an agreement that can be acceptable to all sides.

This is an example not only of the problems that the Senator from Kentucky raised about our own educational infrastructure; as the ranking member of the Education Subcommittee, I think we have to make sure on this side that it is something carefully planned and thought through. And these amounts of money as originally proposed simply, I believe, would be counterproductive.

Mr. President, I yield the floor.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. Mr. President, I join in those remarks. I strongly support these exchange programs, but they have to be planned out very carefully. I did study abroad on a scholarship, but these have to be carefully planned out in order to have a positive effect. You cannot throw money at the problem, so to speak.

I know there have been some student exchanges in the world, as my colleague from Kentucky has pointed out, that have not been totally successful. I think we need to hold hearings and to lay out a plan if we are going to have a student exchange program with the former republics.

Mr. President, I would also like to ask the managers of the bill, is it appropriate for me to ask at this time for unanimous consent to offer an amendment after the Byrd amendment is completed?

Mr. DODD. Mr. President, I will have to object. I have been waiting.

Mr. PRESSLER. I have been waiting too.

Mr. DODD. A lot of us are trying to get up amendments. I gather we are going back and forth.

Mr. PRESSLER. Is that the agreement?

Mr. DODD. Normally, that is how it is done.

Mr. PRESSLER. There is a unanimous-consent agreement, to a certain point. I was asking how it is being done here, and I would like to get into the tree at some point, is what I am saying.

I am not trying to go ahead of anybody. I have been waiting for 2 hours.

Mr. PELL. Mr. President, we are considering the amendment of the Senator from New Jersey, and we are going in the normal way. I suggest your time will come.

Mr. PRESSLER. All right.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I just want to make two points. One, I understand the objections of the Senators who have spoken about the size of the program, and shortly I will put in a quorum call in the hopes of having a discussion as to how we might solve that problem, and perhaps reduce the total amount that is available for the program.

The second point I would make is that we are at a moment where time is passing. We have had a historic event, the end of communism in Russia, and newly independent States. Everyone you speak to in Russia or the newly independent States says their first priority is to learn how a market economy works, and how democracy functions.

Therefore, I do not believe that we can continue to operate as if the events of last August did not take place. They have taken place. It is a changed world and, therefore, what needs to happen is thousands of Russian, Ukranian, Lithuanian, and Kazakhs, young people and small business people, coming to this country to learn from Americans how a market democracy works.

This is not something where the circumstance will remain the same. It changes. It changes daily and monthly.

So I will be suggesting the absence of a quorum, unless someone else wants to speak, and I will be working with Senators who have raised questions in an attempt to meet some of their concerns.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. LOTT. Mr. President, I am certainly pleased to hear that the distinguished Senator from New Jersey is going to be working in an effort to see if we cannot resolve the questions. There are two or three major questions, I think, involved here. Of course, the major one involved, for me, is the question of cost and how quickly it rises to a very high figure.

I will speak briefly about some of my concerns and will encourage him and others to begin meeting to see if we cannot resolve this.

Certainly, none of us question the importance of educational exchanges. Exchanges with the former Republics of the Soviet Union are very vital, and I think a lot can be gained from these student exchanges. When they come to the United States and see how our system works, as Senator BRADLEY just pointed out, it has a tremendous impact on them when they go back to their countries. We have seen that happen with other exchange programs all over the world. So we need to encourage that.

I want to make sure we do it in an orderly way; that it is thought through; that there is a system of accountability; that we know the program is working and how the funds are being used.

More than anything else, I want to make sure we are not wasting money. I think the American people want us to encourage democracy and a free enterprise system that is in its fledgling stages there in Russia and the other former republics of the Soviet Union. They want them to succeed, but they are also saying, at what price? How much can we afford? They want to know how the money is going to be used. It is very hard, in a lot of States, to explain that we are going to be doing large things in educational exchanges when we still have fundamental problems with providing basic, good education to our own students. That is true in a State like mine.

So on this entire bill, my major concern is just how much is it going to cost. Of course, I have major concerns about the $12.3 billion replenishment of the International Monetary Fund and how little of that amount is really going to get to Russia. I am thinking there is not sufficient attention being given to republics other than Russia, and I also am very much concerned that the aid to Russia is the engine that is pulling the train with a lot of cars attached to it which are not related to aid to Russia. That point was made by Senator PRESSLER and others in the committee report I read.

But my first concern associated with this is strictly the money. USIA's 1993 budget request for all exchange programs worldwide was only $200 million. This legislation would add a series of new proposals totaling $150 million additional funds in fiscal years 1993, and in 1994 it increases to $335 million, and for each of the final 3 years the figure increases again to $476 million, totaling too much money. There has to be a way to cut that back.

It also does not identify, as I understand it, the funding sources. So I am concerned that other accounts may be affected very adversely. The 150 account certainly can be affected. Funds could come, perhaps, from the foreign military financing program. I am not sure I would like that. So I want to know exactly where are these funds going to come from. We need to reduce the amount and we need to identify the funding source or have some understanding of from where it is gong to come.

Now The USIA already runs an impressive array of exchange programs with the former Soviet Union. They run the gamut from high school exchanges, undergraduate programs, university linkage with CIS institutions, and senior researchers and scholars. There is a lot involved, with familiar names: Fulbright program, the Samantha Smith exchanges, the Ben Franklin fellows, and now we are going to add another one on top of that. There is just not enough money to go around.

I would like very much to have the committee that has jurisdiction in this area—perhaps Foreign Relations, certainly, would want to do it—to look into it, ask some questions, have some hearings. Have you done that? Have you looked at duplication?

So before we set up this Educational Exchange Endowment, I would like to see the committee look at it. There is not an absolute dire emergency. We can pass this bill and then we can pursue, in the calm of later this year or early next year, a program that could accomplish this.

I also want to make sure there is a system of auditing and one that works because we have had some experiences where some programs have been audited and the results have been very unsatisfactory. So I want to know that the program is going to work, it is going to work properly, it is not going to be duplicative, and we have a way of knowing where the funds go. Is a good idea, but I am just going to have to ask: Have we considered it thoroughly enough and can we afford it?

My answer at this point is no, and unless there are significant changes in the Bradley amendment, I hope that this body will reject the amendment. This is the kind of amendment that is going to affect this Senator's vote on final passage. I am inclined not to vote for this bill anyway. If you start piling more stuff on it, be assured some of us are not going to vote for it. But I appreciate the efforts made by the committee, and I look forward to seeing the final version of this amendment.

I yield the floor.

Mr. WIRTH. Mr. President, I am pleased to be an original cosponsor of the amendment offered by Senators BRADLEY, BOREN, DIXON, KERREY, KENNEDY, HARKIN, and others. This amendment represents the efforts and ideas of several Senators on this side of the aisle on how we might best structure a comprehensive program of exchanges to assist the former Republics of the Soviet Union, the Baltic States, and Eastern Europe in their transition to democracy and market economies.

Mr. President, there is an enormous amount of good will out there among the American people to help in this historic change now underway in the former Warsaw Pact countries. We can make a very significant difference through the exchange programs outlined in this amendment. We need not—nor can we—spend vast sums to aid the former Soviet Republics. What we lack in wallet we can make up in the energy and enthusiasm of the American people—by sending Americans to help in the East and by hosting the emerging generations of political leaders from the former Soviet Republics at American educational institutions.

I am pleased that my proposal to authorize U.S. Federal employees to lend their services and skills to the former East bloc is included as section 217 of this amendment. The idea for this amendment came from a long-time friend and adviser known to many of my colleagues—Mark Talisman. As always, Mark was right on target in identifying creative solutions to real needs.

The countries of the former East bloc have enormous needs a wide range of governmental activities—in food and drug inspections, in environmental regulations, in energy systems, in financial institutions, in national housing credit agencies, et cetera. The intent of my amendment is simply to make Federal employees available on secondment—a year, 6 months, 3 months—to meet critical needs identified by host country governments.

We further stipulate that all in-country expenses and transportation costs would be borne by the host country, making this program revenue neutral. There would be an opportunity cost—we would have to do without a certain number of Federal employees, whose salaries would continue to be borne by the U.S. Government but whose work would be performed abroad.

Mr. President, I am dismayed that the Bush administration has not moved more aggressively to utilize the resources at its disposal to aid the former Soviet Republics and emerging democracies in Eastern Europe. I believe this amendment will do just that and I urge its immediate adoption.

Mr. President, I ask unanimous consent that the text of my original amendment appear in the RECORD immediately following my remarks.

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

On page 52, after line 13, insert the following new section:

SEC. . PARTNERSHIP FOR ESSENTIAL GOVERNMENTAL SERVICES.

(a) FINDINGS ON GOVERNMENTAL SERVICES IN SEED PROGRAM COUNTRIES.—Congress finds that—

(1) the transformation of the independent states of the former Soviet Union and Eastern Europe from state-directed to free-market economies entails a fundamental change in the role of government; and

(2) officials at the Federal and State levels of the United States Government possess knowledge and experience that could assist governments in the independent states of the former Soviet Union and Eastern Europe seeking to establish governmental services essential to and supportive of a free-market economy.

(b) AUTHORIZATION AND MANDATE.—(1) The Congress authorizes and urges the President to establish a program of support for exchanges of governmental officials with the independent states of the former Soviet Union and Eastern Europe.

(2) Such program may be referred to as the "Partnership for Essential Governmental Services".

(3) As part of such program, the President is authorized to make available, on a volunteer basis and as appropriate, Federal civil service employees of departments and agencies of the United States for temporary duty in the independent states of the former Soviet Union and Eastern Europe to assist those countries in the development of essential governmental services.

(c) IMPLEMENTATION.—The program authorized by subsection (b) should be carried out by existing agencies of United States Government and by volunteer-coordinating organizations such as the Citizens Democracy Corps, and should place upon each participating foreign government the primary responsibility for—

(1) identifying specific needs for such advisory assistance; and

(2) bearing in-country living expenses of American governmental officials seconded to advise that government.

THE "LEGS" FELLOWSHIP PROGRAM FOR THE FORMER SOVIET UNION

Mr. BOREN. Mr. President, I would emphasize again the historic significance of American efforts to assist the former Soviet Union in its painful transition to democracy and free markets. As we are all aware in this body, the United States has limited financial resources to devote to these efforts. That is why we must make the best use of every aid dollar.

There are also, however, other ways to help the former Soviets that rely less on big-dollar programs and more on American goodwill and on people-to-people contact.

In that spirit, I would like to express my support for the amendment offered by my colleague from New Jersey, and in particular, the third title on business and government internship programs. I worked closely with Senators KERREY and BRADLEY on developing the language in this section, which would authorize the creation of a new fellowship program under which businesspeople, educators, lawyers, lawmakers, and others from the former Soviet Union can spend time in the United States, living with Americans and working in our institutions.

The promise of this initiative is twofold: First, the visitors will learn immensely from our democratic, free-market example; and second, when they go back, they in turn will set an outstanding example for their compatriots. By creating this program, we can build lasting relationships with Western-oriented future leaders of the former Soviet Union and Eastern Europe.

James Billington, the Librarian of Congress and a renowned expert on Russian and Soviet history, recommended exactly this sort of initiative in a February speech at Princeton University. I would like to quote Dr. Billington:

What they specially need now, in my opinion, is what America is uniquely equipped to give . . . a crash program for bringing a large number of Russians—perhaps as many as 50,000—to the U.S.A. for 4- to 6-week periods of living and working in the key institutions of a free society.

Such programs would link America with enduring forces of change working from the bottom up, and this type of program could be extended to other parts of the former Soviet empire and need not be put on hold pending the outcome of political struggles at the top within Russia or between republics.

The adventure of engaging the American people as a whole with the Soviet people as a whole would provide the recognition we have not yet given to both their achievement in August and their deepest continuing need. It is both more effective and less demeaning to bring Russians here and let them adapt our ways to their needs than to send too many of our advisers over there.

Mr. President, I cannot imagine a more eloquent case for such an initiative.

This amendment leaves wide discretion to the President on the questions of how to start up and manage such a program. It opens the door for full-scale voluntary and cooperative effort involving private citizens and businesses across the country. With families willing to put up these eager visitors, with corporate sponsors defraying some of the costs, with individual merchants and judges and legislators and executives taking on these visitors as interns—this program will connect Americans of all walks of life to the effort to help the former Soviet Union.

I would urge my colleagues to consider this program an investment, Mr. President, which will pay lasting, long-term dividends of friendship and goodwill. Moreover, it is focused on men and women who are already involved in building a civil society. The participants in this program will return to Russia or Ukraine or Kazakhstan and will be able to apply the insights they have gained here to the nuts-and-bolts problems of building free markets and democracies in their countries.

I am glad to be a cosponsor of this amendment and I hope the Senate will approve it.

Mr. DOLE. Mr. President, I just want to supplement the remarks I made earlier about the Bradley and Kerrey amendments.

I think we are ending up with a much better product than we started with.

The very laudable aims of the original Bradley proposal are preserved, but we now have a program that is more affordable, and fits better with our authorization and appropriations processes.

I thank Senator BRADLEY and Senator KERREY for their leadership. I thank the distinguished managers, Senators PELL and LUGAR, for their efforts to get to a final product that is widely acceptable. And I thank the distinguished President pro tempore, the chairman of the Appropriations Committee, Senator BYRD.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. PELL. Mr. President, I ask unanimous consent to temporarily lay aside the Bradley amendment.

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

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

AMENDMENT NO. 2682

(Purpose: To promote development of capital projects involving coal-based technology)

Mr. BYRD. Mr. President, I send to the desk an amendment on behalf of myself, Mr. LIEBERMAN, Mr. FORD, and Mr. WALLOP.

The PRESIDING OFFICER. The Clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD], for himself, Mr. LIEBERMAN, Mr. FORD, and Mr. WALLOP, proposes an amendment numbered 2682.

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

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

The amendment is as follows:

On page 52, after line 13, add the following new section:

SEC. 21. AUTHORIZATION FOR ADVANCED COAL-BASED TECHNOLOGY PROJECTS.

(a) FINDINGS.—The Congress finds that—

(1) the United States has undertaken a $5.0 billion technology development program to commercialize advanced coal technologies that will better enable the use of coal in a cost-effective and environmentally acceptable manner;

(2) industry in the United States already utilizes advanced technologies that enable the use of coal efficiently and with minimal impacts to the environment;

(3) these advanced technologies should be exported to other nations intending to use coal resources; and

(4) use of United States assistance to export coal-related technologies will benefit the global environment, maintain United States technological leadership, assist United States industry by supporting development of foreign markets, and promote a more favorable balance of trade.

(b) ADVANCED COAL-BASED TECHNOLOGY PROJECTS.—(1) The Secretary of Energy, in consultation with the Secretary of State and the chief executive officers of the Overseas Private Investment Corporation and the Export-Import Bank, is authorized to make grants and issue loans with respect to the projects described in paragraph (2), to be carried out by United States firms in the independent states of the former Soviet Union.

(2) The projects referred to in paragraph (1) shall be developmentally sound capital energy projects, which projects—

(A) shall be proposed by a United States firm;

(B) shall consist of equipment manufactured by United States firms;

(C) shall be capable of providing energy, in a cost-effective and environmentally acceptable manner, using advanced coal-based technologies;

(D) shall be designed to increase significantly the overall efficiency of the use of coal in the retrofit of an existing facility or the application of the advanced coal-based technology in a new facility; and

(E) shall be utilized to reduce significantly environmental emissions when compared to currently utilized methods of emissions control in the state of the proposed project.

(3) In determining which projects to support under this subsection, the Secretary of Energy shall give special consideration to those project proposals which would achieve the greatest increases in the control of emissions and the efficient production of energy and to those project proposals in which a portion of the costs of the project shall be paid for by non-Federal funds, including private funds.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) Of the funds authorized to be appropriated by this Act, up to $50,000,000 are authorized to be appropriated to the Secretary of Energy for Fiscal Year 1993 to carry out subsection (b).

(2) Amounts authorized to be appropriated pursuant to paragraph (1) are authorized to remain available until expended.

(d) DEFINITIONS.—As used in this section—

(1) the term "advanced coal-based technology" means—

(A) any technology utilized for the preparation, combustion, or conversion of coal or the control of effluents from the combustion of coal that is commercially available and widely utilized in the United States but not widely utilized in the country that is the site of the proposed project and that achieves greater efficiency or control of emissions from coal utilization than currently achievable by technologies in widespread use in that country; or

(B) any clean coal technology that is the subject of a demonstration project selected by the Secretary of Energy under the heading "Department of Energy: Clean Coal Technology" of Public Law 99-190 or under any subsequently enacted law for which funds are made available to the clean coal technology demonstration program;

(2) the term "capital energy project" means a project involving the construction, expansion, alteration of, or the acquisition of equipment for a physical facility or physical infrastructure, including related engineering design (concept and detail) and other services, the procurement of equipment (including any related services), and feasibility studies or similar engineering and economic services; and

(3) the term "United States firm" means—

(A) a United States citizen;

(B) a corporation incorporated under the laws of the United States, substantially owned and controlled by U.S. persons;

(C) a joint venture or partnership organized under the laws of the United States, each participant of which is an individual or corporation described in subparagraph (A) or (B); or

(D) a joint venture between (1) an individual or corporation described in subparagraph (A) or (B), and (ii) a foreign firm organized under the laws of the host country or the government of that country.

Mr. BYRD. Mr. President, this is an amendment that could benefit both the former Soviet States and the American people in the event that the legislation becomes law.

This amendment authorizes the Secretary of Energy to use up to $50 million of the U.S. assistance to the former Soviet States for capital projects incorporating clean coal technologies. The U.S. Government, matched by U.S. private sector efforts, is close to concluding a multiyear, $5 billion program to develop and commercialize what are known as clean coal technologies. These technologies are much more efficient in the conversion or combustion of coal, resulting in significantly reduced carbon dioxide emissions. And compared to existing technology, clean coal technologies also reduce sulfur dioxide and nitrous oxide emissions. The United States is a world leader in this field.

An advanced coal technology program for the former Soviet States, such as outlined in this amendment, would put United States aid where it is most needed. Capital projects for energy development will provide a base for economic reconstruction in an environmentally sound manner. Many of the former Soviet States are rich in coal; almost all face difficulties in generating sufficient power for private and industrial consumption, and all must contend with a legacy of environmental degradation. Much of the coal in the former Soviet States is of low quality. Its use makes powerplant maintenance costly and produces unnecessarily high emissions. But for many of these states the alternatives—nuclear or hydroelectric power—pose greater environmental dilemmas. In 1990, the Ukraine implemented a 5-year moratorium on nuclear power development, a cautious move by a state still plagued by the aftermath of faulty Soviet nuclear power design at Chernobyl. But the Ukraine must continue to operate other nuclear powerplants that generate 40 percent of its electricity. Using U.S.-developed clean coal technologies to retrofit or to build new coal-fired powerplants would alleviate some of their energy and environmental concerns.

Russia, Kazakhstan, and the Ukraine possess vast coal reserves but are hampered by serious pollution problems caused by their primitive industrial infrastructure. In Kazakhstan, where 40 thermal powerplants generate 96 percent of the Republic's energy, officials have identified coal treatment and ash-handling technology as critical problem areas, according to the U.S. Department of Energy. They reportedly are actively seeking a joint venture to

construct a new coal-fired powerplant southwest of Balkhash. Ukrainian officials, whose previous strong exports of energy to Europe are faltering, need equipment and spare parts for thermal station maintenance and rehabilitation, and are reportedly interested in developing coal bed methane as fuel for power production and reducing their sulfur dioxide and nitrous oxide emissions. The program I am seeking to initiate with this amendment could speed the installation of clean coal equipment that, while more expensive initially, ultimately proves less costly to operate and significantly reduces emissions, compared with existing conventional technology.

This program will help the United States as well. This program would use U.S. funds for U.S. firms, in cooperation with host country firms or governments, to build or to retrofit coal-fired powerplants using U.S. equipment and U.S. technology. It would help U.S. firms to demonstrate, on a global basis, their leadership in this field. It would also help U.S. firms to gain an international foothold in the burgeoning field of environmentally sound power development.

The Electric Power Research Institute has estimated that 60 percent of expected growth in coal use over the next 30 years will occur in the developing countries, the former Soviet Union, and in Eastern Europe. The electric power sector of developing countries alone is projected by the World Bank to require a capital investment of nearly $750 billion during the 1990s. By the year 2000, the worldwide market for clean coal technologies could be $50 billion annually, and $70 billion annually by the year 2010, according to the National Coal Council. There is an enormous, and profitable, market for the clean coal technologies developed in the United States, and it should be U.S. firms that profit from investment in developing that technology.

Other countries, notably Japan and Germany, use this kind of aid program for capital-intensive projects to create large markets for capital goods exported from the home country. A recent report by the Center for Strategic and International Studies estimates that $2.4 to $4.8 billion of U.S. exports are lost annually because of the discrepancy between the U.S. and foreign countries' tied aid credits. We simply cannot allow this to continue, when it is possible to provide energy for development in the former Soviet States while at the same time providing jobs and developing markets for Americans.

From the standpoint of U.S. competitiveness, balance of trade, full potential for the U.S. taxpayer's investment in clean coal technology development, and coal use linked to the use of environmentally superior technologies, it is in America's best interest to ensure that the use of coal is associated with the use of U.S.-developed technology.

Mr. LUGAR. Mr. President, I commend the distinguished Senator from West Virginia on a remarkably thoughtful amendment with regard to the environment, and which combines likewise the expertise of American technology, American firms, American equipment.

Very clearly the amendment is the type of amendment that is going to lead to association of our expertise with persons in the former Soviet Union who need that expertise, but who likewise will benefit from the improvement of the environment that this causes. It is consistent with our leadership worldwide in attempting to bring about a better environmental situation.

So on our side of the aisle, we are prepared to accept the amendment. I would make one reservation, which I am sure the distinguished Senator from West Virginia will understand. That is that under the authorization of appropriations $50 million are authorized, or up to $50 million, are authorized to be appropriated to the Secretary of Energy for fiscal year 1993. That is a very substantial part if all $50 million were to be utilized of the potential funds to be appropriated for the Freedom Support Act.

I make the point because the author of the amendment is the distinguished chairman of the Appropriations Committee, and obviously would advocate clean coal technology as I do. On the other hand, I trust the distinguished chairman of the committee is also mindful of all of the large number of thoughts that have come before the body as to how American business could be served, how Americans could be employed in this bill, and likewise benefits to the friendships that we are trying to forge.

So with at least that hope that there will be moderation in all things, and especially with regard to limited resources of the Freedom Support Act, we commend the amendment and we are prepared, on this side, to support it.

I point out that we have cleared that recommendation with the Republican members of the Energy Committee and others who have special interests in this field.

Mr. PELL. Mr. President, this is a very thoughtful and ingenious amendment. It goes in the direction that is needed, of the development of clean coal, and limiting the pollution from sulfur coal. It is a good amendment. It is a generous amount that could be spent usefully and would be well spent.

I am glad to commend the support of my colleagues.

Mr. LUGAR. Mr. President, I have conferred briefly with the distinguished author of the amendment. I would like to ask the distinguished author, the Senator from West Virginia, in view of the concerns that I have expressed—and they are really an expression of other Senators in addition to myself, I am spokesman for them—would the Senator consider changing the clause on authorization of appropriations which now says up to $50 million authorized, to a figure of up to $35 million? Would that be within the Senator's purview to do?

Mr. PELL. I would add it seems like an excellent idea to me.

Mr. BYRD. Mr. President, what the distinguished Senator from Indiana has said is true. We are certainly strapped for funds. I think that is a reasonable request. I would modify my own amendment to change the figure to up to $35 million instead of $50 million.

The PRESIDING OFFICER. The Senator has that right.

The amendment, as modified, is as follows:

On page 52, after line 13, add the following new section:

SEC. 21. AUTHORIZATION FOR ADVANCED COAL-BASED TECHNOLOGY PROJECTS.

(a) FINDINGS.—The Congress finds that—

(1) the United States has undertaken a $5.0 billion technology development program to commercialize advanced coal technologies that will better enable the use of coal in a cost-effective and environmentally acceptable manner;

(2) industry in the United States already utilizes advanced technologies that enable the use of coal efficiently and with minimal impacts to the environment;

(3) these advanced technologies should be exported to other nations intending to use coal resources; and

(4) use of United States assistance to export coal-related technologies will benefit the global environment, maintain United States technological leadership, assist United States industry by supporting development of foreign markets, and promote a more favorable balance of trade.

(b) ADVANCED COAL-BASED TECHNOLOGY PROJECTS.—(1) The Secretary of Energy, in consultation with the Secretary of State and the chief executive officers of the Overseas Private Investment Corporation and the Export-Import Bank, is authorized to make grants and issue loans with respect to the projects described in paragraph (2), to be carried out by United States firms in the independent states of the former Soviet Union.

(2) The projects referred to in paragraph (1) shall be developmentally sound capital energy projects, which projects—

(A) shall be proposed by a United States firm;

(B) shall consist of equipment manufactured by United States firms;

(C) shall be capable of providing energy, in a cost-effective and environmentally acceptable manner, using advanced coal-based technologies;

(D) shall be designed to increase significantly the overall efficiency of the use of coal in the retrofit of an existing facility or the application of the advanced coal-based technology in a new facility; and

(E) shall be utilized to reduce significantly environmental emissions when compared to currently utilized methods of emissions control in the state of the proposed project.

(3) In determining which projects to support under this subsection, the Secretary of Energy shall give special consideration to those project proposals which would achieve

the greatest increases in the control of emissions and the efficient production of energy and to those project proposals in which a portion of the costs of the project shall be paid for by non-Federal funds, including private funds.

(c) Authorization of Appropriations.—(1) Of the funds authorized to be appropriated by this Act, up to $35,000,000 is authorized to be appropriated to the Secretary of Energy for Fiscal Year 1993 to carry out subsection (b).

(2) Amounts authorized to be appropriated pursuant to paragraph (1) are authorized to remain available until expended.

(d) Definitions.—As used in this section—

(1) the term "advanced coal-based technology" means—

(A) any technology utilized for the preparation, combustion, or conversion of coal or the control of effluents from the combustion of coal that is commercially available and widely utilized in the United States but not widely utilized in the country that is the site of the proposed project and that achieves greater efficiency or control of emissions from coal utilization than currently achievable by technologies in widespread use in that country; or

(B) any clean coal technology that is the subject of a demonstration project selected by the Secretary of Energy under the heading "Department of Energy: Clean Coal Technology" of Public Law 99-190 or under any subsequently enacted law for which funds are made available to the clean coal technology demonstration program;

(2) the term "capital energy project" means a project involving the construction, expansion, alteration of, or the acquisition of equipment for a physical facility or physical infrastructure, including related engineering design (concept and detail) and other services, the procurement of equipment (including any related services), and feasibility studies or similar engineering and economic services; and

(3) the term "United States firm" means—

(A) a United States citizen;

(B) a corporation incorporated under the laws of the United States, substantially owned and controlled by U.S. persons;

(C) a joint venture or partnership organized under the laws of the United States, each participant of which is an individual or corporation described in subparagraph (A) or (B); or

(D) a joint venture between (1) an individual or corporation described in subparagraph (A) or (B), and (ii) a foreign firm organized under the laws of the host country or the government of that country.

Mr. JOHNSTON. Mr. President, the Senate is considering an amendment offered by the distinguished chairman of the Appropriations Committee, Senator BYRD, that would promote the development of clean coal projects in the independent States of the former Soviet Union utilizing technology developed in the United States. This amendment would authorize the Secretary of Energy to make grants and, in cooperation with the Secretary of State, the Overseas Private Investment Corporation and the Export-Import Bank, issue loans for development of these projects by U.S. firms. The amendment authorizes the Secretary to use up to $50 million of the aid provided in S. 2532 for these projects.

I wholeheartedly support this amendment, which builds on the existing clean coal technology program at the Department of Energy and on provisions for the export of these technologies that are contained in S. 2166, the National Energy Security Act of 1992, which was passed by the Senate in February of this year. Similar export provisions are contained in H.R. 776, the Comprehensive National Energy Policy Act, which was passed by the House of Representatives on May 27, 1992, and is now pending in the Senate.

This is a good amendment. The United States has been a leader in the development of clean coal technologies that are not only capable of reducing significantly the environmental emissions from coal but also capable of increasing the overall efficiency of the use of coal in existing facilities. This amendment will help promote the development of projects using our technology in the independent states of the former Soviet Union. The amendment will help in boosting U.S. competitiveness in the world market.

I want to emphasize to my colleagues, however, that adoption of this amendment does not eliminate the need for the broader provisions contained in the energy bill. The Byrd amendment addresses only the export of our technology to the independent states of the former Soviet Union. The provisions of the energy bill address export of U.S. clean coal technology in a much broader arena. The clean coal export provisions of S. 2166 put a special emphasis on export and use of our technologies in the lesser-developed countries. But it is not limited to only those countries.

There is a strong emphasis in the energy bill on the export and development of U.S. technologies, not just in the area of clean coal. Provisions of S. 2166 also encourage and promote the export and development of renewable technologies and technologies for greater energy efficiency.

Like the Byrd amendment, the provisions of S. 2166, and the related provisions of H.R. 776, are good for U.S. technology and good for U.S. competitiveness. It would be a travesty if the Congress failed to act in this session on comprehensive energy legislation.

Mr. LUGAR. I thank the Senator for a very thoughtful amendment.

Mr. BYRD. I thank both Senators.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that I be added as a cosponsor of the amendment of the Senator from West Virginia.

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

Mr. LUGAR. Mr. President, I ask that I be added as a cosponsor.

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

Mr. BYRD. I thank the Senators. I thank the distinguished Senator from Indiana for his cosponsorship. And I thank the distinguished Senator from Kentucky for his cosponsorship.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 2682), as modified, was agreed to.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now occurs on the Bradley amendment.

Mr. DODD. Mr. President, I ask unanimous consent that the Bradley amendment be temporarily laid aside.

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

AMENDMENT NO. 2683

(Purpose: To require that U.S. spending for domestic defense conversion programs is not less than spending for such programs in the former Soviet Republics)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Connecticut [Mr. DODD], for himself, Mr. PRYOR, and Mr. LIEBERMAN, proposes an amendment numbered 2683.

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

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

The amendment is as follows:

At the appropriate place in the bill add the following new section:

SEC. . LIMITATIONS ON DEFENSE CONVERSION AUTHORITIES.

(a) Notwithstanding any other provision of law, (including any other provision of this Act) no funds may be obligated, expended or otherwise made available in any fiscal year for the purposes of facilitating the conversion of military technologies and capabilities and defense industries of the former Soviet Union into civilian activities as authorized by section 8 of this Act or as authorized by any other Act, unless the President has previously obligated an amount equal to or greater than such sums in the same fiscal year for defense conversion and defense transition activities in the United States.

(b) For purposes of this section, the term "defense conversion and defense transition activities in the United States" shall mean those United States government funded programs whose primary purpose is to assist United States private sector defense workers, United States companies that manufacture or otherwise provide defense goods or services, or United States communities adversely affected by reductions in United States defense spending; such as programs funded through the Office of Economic Adjustment in the Department of Defense, through the Defense Conversion Adjustment Program (as authorized by the Job Training Partnership Act), or through the Economic Development Administration.

Mr. DODD. Mr. President, I offer this amendment on behalf of myself, Sen-

ator PRYOR of Arkansas and Senator LIEBERMAN of Connecticut.

Mr. President, let me explain this amendment to my colleagues. It is quite simple and straightforward. It simply requires that before the administration spends dollars on Soviet defense conversion, a very laudable goal, the administration must first agree to spend at least that same amount of money on defense conversion and diversification programs in the United States.

As you know, Mr. President, the issue of defense conversion and diversification has come up often during consideration of this legislation. Both the underlying bill and the Nunn-Warner substitute that was adopted yesterday specifically authorized the administration to undertake defense conversion activities in the former Soviet Republics. The Nunn-Warner amendment would, among other things, authorize the President to establish programs "for facilitating the conversion of military technologies and capabilities of defense industries of the former Soviet Union into civilian activities."

Mr. President, since the issue of defense conversion in the former Soviet Union has already been raised, it would seem highly appropriate to take this opportunity to remind ourselves that this is also an issue that confronts many of us here in this country. We, too, must come to grips with certain economic challenges that will flow from this new world order. The same new world order that leads us today to consider providing aid to the former Soviet Republics is going to require that we deal as well with the veterans of the cold war who will be losing jobs in record numbers as a result of declining defense dollars.

The administration would have us believe that all is well on the domestic conversion front. They would have us believe that they are currently spending significant amounts of dollars on so-called defense transition programs here in the United States. I would argue that that is not the case.

To the President's credit, he recently announced his plans to spend an additional $1 billion over 5 years on defense-domestic transition activities, and any positive movement in this area is obviously to be welcomed. But simply labeling a program as defense transition does not necessarily make it one. Truth in packaging is clearly in order when it comes to what we are really doing to assist American defense workers, companies and communities that are heavily impacted as a result of defense cuts to meet the challenges that they now confront.

In truth, Mr. President, there are really only three existing Federal programs that are specifically designed to assist defense workers and communities employed by the private sector and defense-dependent communities that must make the painful adjustments necessitated by an ever-shrinking Defense budget.

These three programs do the following: through the Office of Economic Adjustment at the Pentagon, local communities impacted by base closures and defense plant cutbacks are eligible for planning grants to assist them to map their own futures. In fiscal year 1992, about 70 percent of the $5.5 million of grant authority in that program has been utilized.

Through the Defense Conversion Adjustment Program, which is administered by the Department of Labor, displaced defense workers are eligible for financial assistance for job retraining. This program was congressionally established in 1990 and funded at $150 million. Unfortunately, it has been very slow in getting off the ground. Almost 2 years later the administration has spent only $23 million on that program.

Third, Mr. President, through the Economic Development Administration, some $50 million of transferred Department of Defense moneys are available to fund public works projects in areas impacted by defense spending cuts.

To date, Mr. President, very little of this money has been spent—only $178,000.

As I add up the spending that has occurred this year for specifically targeted domestic defense transition or defense conversion activities, I calculate that about $27 million has been spent to date on such efforts. That is hardly a worthy investment in American workers, American communities, and American industries that are going to face a very difficult transition period.

Mr. President, I wonder how much of an investment we are prepared to make in the new Commonwealth of Independent States' desire to convert, for their defense workers and defense industries.

Let me add that I certainly do not disagree with the desired goal of conversion within the former Soviet Union. But I would hope that as we are talking about investing some $12 billion of taxpayer money to assist the former Soviet Union in its efforts to convert to democracy and a free enterprise system, that we are not going to turn around and say to American industries and American communities that they do not qualify for that kind of assistance.

Every one of my colleagues will recall, only a few weeks ago, the lengthy debate we engaged in over the *Seawolf* submarine. I am grateful for my colleagues allowing that program to be completed, for three authorized submarines. What that does, in addition to completing a worthwhile program at a number far less than the original 29, as planned, also will allow that industry that employs some 25,000 people—not to mention the 300 subcontractors and suppliers throughout the country that also are dependent upon that work—a period now to diversify, to convert, to move into other areas.

So what I am saying is that if we are serious about that—many of my colleagues said they were, and they would like to see these industries move into other areas—and that if we have the money to assist the Soviet Union, as laudable as that is, then I would just like a statement to be made today that we are equally committed to assisting people here, industries here, and communities here. If we are not willing to do that, then I think we have misplaced priorities.

I know there will be some who will accuse the author of this amendment of not being sensitive to this remarkable moment in time, that I am not being international enough in my scope and vision. But I argue that it is just as important for this country to be able to enter the age of international economic competition as it is to try and assist the Commonwealth of Independent States to get on its feet. It ought not to be a choice for one or the other. We ought to do both. But to the extent we do the latter, we ought to be able to contribute to the former.

Mr. President, what are the administration's plans for the former Soviet Republics? Does it intend to spend $27 million for this purpose, $100 million, $1 billion? Frankly, I cannot tell you. I presume others may ask that question.

Whatever it is, I suggest that we ought to be willing to say in this country that we are prepared to do as much here to assist in that effort. I know the rationale offered by those who seek to establish defense conversion programs in the Commonwealth of Independent States. They argue that these activities are in the national security interest, and I agree. I do not argue with that conclusion at all. But I would just as well argue that these issues assisting our conversion efforts and diversification efforts are just as clearly in the national interest, and can contribute as well to our national security.

So, Mr. President, I would hope at some point that we might be able to get, as this program progresses—and I gather it may be included in the generic legislation—some reporting as to how these dollars are being spent, so we will be able to get a determination as to what has been expended in these areas. To support defense conversion activities at home is particularly important. What could be more critical, Mr. President, to our national security than a United States economy that is vibrant, and is generating a standard of living for every American family that is worthy of a great nation, as we go through the difficult period of trying to readjust to a new world order and to changing economic conditions?

I do not believe that the administration's support for conversion activities

in the United States or the former Soviet Union need be an either/or proposition. There will be those who make that case. Sadly, I have observed that far more enthusiasm seems to exist on the part of those who are designing and implementing a wide range of programs to assist the Russian economy for domestic defense conversion initiatives here.

I suppose that is what peaks my interest in this subject matter. Nothing like this debate would occur on a subject matter designed to assist the economic needs of the defense industries and workers and communities in this country. We would not have 2 days of debate about how to assist these individuals here in making the conversion. We would not have unanimous-consent agreements worked out, tailored, and arranged prior to a July recess to see that we can assist these people and see that they get their help.

I am taking advantage of the situation to raise the issue and see if we cannot get a commitment out of this Chamber to say that if we can take the time and debate well into the night last evening, and I presume tonight, to decide how we can assist these new republics to get the kind of assistance they need, why not debate as well what ought to be done to assist communities and individuals in this country? I could not get this kind of time, Mr. President, so I am taking advantage of the hours available to me as a result of this debate.

If history is any guide at all, the administration will have to be pushed, I presume, or prodded, to undertake the major effort needed in the area of domestic conversion. That is what this amendment is intended to do.

At the very least, we have an obligation—I think all would agree—to the working American men and women whose livelihoods are threatened by a new world order and who are now seeking new employment and new opportunities. We must stand ready to extend a helping hand with specifically targeted programs, the same helping hand that this bill would authorize for those people who are also going through a difficult time in the new Commonwealth of Independent States.

Mr. President, I urge adoption of this amendment.

Mr. NUNN. Mr. President, I agree with most of what the Senator from Connecticut said about the importance of defense conversion in this country. I think we have an obligation to those people who have worked in our industries over the years, those who have served in uniform over the years, and who continue to serve, as well as the people in the Guard and Reserve.

From the point of view of the Armed Services Committee, we are addressing the issues. I know the Senator is very concerned about the people who have served the country so well, and I think his basic point is that we cannot afford to simply try to help the Russians, while ignoring our own people. I agree with that point totally.

First of all, I say that, as I view this bill—and I ask the authors, those who are probably more familiar with the details, Senator PELL and Senator LUGAR, to comment on this—but my impression is, what this bill does now is make defense conversion a subject that could be addressed with the so-called Nunn-Lugar bill that passed last year.

There may be more than that here, but the defense conversion that I had in mind in introducing my bill last year, and that part was taken out, was basically technical assistance to go in and help, make inventories. We need to help them make inventories of what they have available that the private sector in this country might want to participate in.

The way I see defense conversion in Russia, it would have two purposes: One, most of what we would be doing is giving American companies more data where they can use the Commerce Department here, for instance, to determine what kind of technological capabilities might be for sale there; it would help America in the private sector and help jobs here at home.

We are not talking about large sums of money, as I view this bill. We are talking about primarily technical assistance, and primarily about doing inventories and perhaps having trade fairs so that our own people back here will not have to go all the way to Moscow—particularly in the case of small business—to determine what the opportunities are there.

That is the way I view this legislation. But I would say, as to the concern of the Senator from Connecticut, as he knows, and I believe he served on that task force, the prior task force on defense conversion has made a rather thorough report.

I understand the Senator from New Hampshire [Mr. RUDMAN] also made a report on the Republican side.

It would be the intention of the Armed Services Committee to address whatever portion of that defense conversion program that would be applicable to our bill when we take up the authorization will next month.

I will assure the Senator from Connecticut we are going to take some defense money, if the vote fails, and put it in defense conversion, in this country, in that authorization bill—and there are no doubts about that. In my view, that will greatly exceed any amount of money spending for defense conversion for what was primarily the denuclearization.

When we are talking about defense conversion in Russia, we are not talking about trying to provide jobs for their people. We hope that can be an incidental fallout. We are trying to reduce the military threat against our own country so if at some point in the future we have a different set of Russian leaders, we will not face the same kind of military threat. That applies directly to national security.

It is my view—and maybe I have not completely followed the amendment—if the amendment is directed at the basic use of that defense conversion money to section 8 to which the amendment refers. If my recollection is correct section 8 basically makes the defense conversion part of the demilitarization under the Nunn-Lugar function. It would be my view that this amendment would be something that would be in order and could be supported.

I know the managers will have to address it. From my point of view, it makes sense, and I think the word would be very clear to the American people, the American defense workers, the American military that we are not going to in any way ignore their concerns—and we do not intend to. We intend to put that in our bill.

I would urge the managers to take a close look, and if my interpretation of the amendment is correct and if my interpretation of the bill itself is correct, then it seems to me this is an amendment that should be accepted.

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

Mr. NUNN. Yes.

Mr. LUGAR. I would like to query the distinguished Senator from Georgia, the author of the Nunn-Lugar amendment which is referred to in section 8 of this bill, to respond to a question that was raised by the distinguished author of the amendment, Senator DODD.

As I remember the dialog of this debate, the Senator raised the question how much money has in fact been spent under section 8, the so-called Nunn-Lugar authorization. As we know it was approximately $400 million when first conceived and passed and appropriated last year.

It is my understanding—but I would want to confirm this with the Senator from Georgia—that as of this moment none of money, zero, has been spent for conversion. What is authorized in the Freedom Support Act is that theoretically the money could be used for conversion.

So the dilemma in a way of the Dodd amendment is that, clearly, I suspect universally we would feel as much ought to be done in our country as is being done in Russia with regard to conversion. But for the moment that is a fairly easy target because the answer is zero on the Russian side. Although, as the Senator pointed out, more could be done within that realm. And I gather the Senator's amendment would suggest more should be done here—whatever might be the further plans.

Is that the Senator's understanding?

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Mr. NUNN. I say that was exactly the understanding. I believe that the so-called Nunn-Lugar money did not have defense conversion as one of the purposes in authorized purposes. So the money that would have been obligated—and I am not sure how much has been spent, but the money that would have been obligated would have been primarily to help them with their nuclear weapons in transportation of, safety of, protection of, disassembling of those nuclear weapons, and that primary purpose has not been completed.

But we have had a major leap forward getting the nuclear weapons back to Russia. The conversion money has not been spent and was not authorized for that purpose.

We also spent the Nunn-Lugar money or obligated, as I understand it, to set up a technology center in Moscow and they are planning one in Kiev to try to help occupy those nuclear physicists and missile experts who otherwise might end up in Libya and Syria.

I think that is worthwhile money that is not within the definition of defense, per se; that is really under the overall nonproliferation part.

What I would believe we would do in our bill is to put substantial numbers of millions—hundreds of millions of dollars in a defense conversion package for this country in our defense authorization bill. So it would be my view if this is aimed at the Nunn-Lugar money, we are going to spend several times that much money on defense conversion in our bill as we would spend in all the Nunn-Lugar money including, but not limited to, the conversion part.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. RIEGLE. Mr. President, I am going to shortly offer a second-degree amendment. I want to make sure the Senator from Georgia and the Senator from Indiana follow the point I am going to make here, because I, too, want to see us move in the area of strengthening defense conversion activities in the United States.

Clearly, the bill that is before us now does undertake to do that in the Soviet Union. I think we have to have an effort that is parallel to that or in tandem to that here in the United States.

So the amendment that I am going to offer—and let me say to the Senator from Georgia before he leaves, because he ought to hear this—I will in due course be sending a second-degree amendment to the desk, and it relates to the discussion that has just gone on. I would hope that this would be something that the Senator from Georgia would feel he could support.

My amendment also deals with the provisions of the bill relating to defense conversion. And as the Senator noted a moment ago, we passed the Soviet Nuclear Threat Reduction Act of 1991. That legislation authorized $400 million to help the former Soviet Union destroy its nuclear weapons.

The bill before us now, the bill that is before the Senate today, expands the use of these funds to include the conversion of defense-related industries in the former Soviet Union to civilian purposes.

So that is direct civilian transfer, if you will, from military into the civilian area. It will also allow these funds to be used to help reorient defense personnel in the old Soviet Union to nondefense research. We, obviously, have precisely the same problem here in the United States where we have to be in a position to make this shift of our own personnel in this country who have been working in that area and move them into civilian activities.

I think we cannot today take an action that undertakes to finance that kind of conversion in the Soviet Union and not in a very direct way address that problem here in the United States when we have a major unemployment issue, as I am sure the Senators on the floor have heard from this morning's news. The unemployment rate in the country has just jumped up to 7.8 percent. We have 10 million unemployed people we know by name, probably upward of another 10 million underemployed—discouraged workers working in jobs below their proper skill level. We have a major problem in that area. The Fed acted in an emergency fashion today to lower the discount rate. The banks responded by lowering the prime lending rates. But all of that relates to the issue of the growing pool of unemployed workers in this country—many of them coming from defense-related activities. Just this week, in fact, the Hughes Corp., heavily involved in defense activity, announced it was eliminating 9,000 jobs.

We have base closings going on all across the country. We have one going on that is going to have a major impact in the lower peninsula of Michigan in the northeastern section of that part of our State.

So the second-degree amendment that I will be sending to the desk relates to a step that we took in 1990. Senator PELL, the manager of this bill, and I offered an amendment in 1990 to the defense bill at that time. And that amendment, as the Senator from Georgia will remember, transferred $200 million from the Defense Department to the Labor and the Commerce Department in order to facilitate communities and workers going through this transition process where they were otherwise being hurt by defense cutbacks or by base closings.

Here is what happened. The problem is that the administration has not really used these funds even though the funds are needed. We have had base closing meetings in our State and I am sure the Senator probably has in Georgia as well. But as of May of this year, believe it or not, with all of this unemployment, all of this impact of defense contractors and military bases in America, only $22 of the $150 million that had been set aside for worker retraining had actually been allocated and only $100,000 of the $50 million for community adjustment planning had been used.

And there is just really no excuse for that. And quite apart from that bureaucratic delay, I do not think we can be in a posture here when we have already taken that step in this country where we have provided the money and the money is not moving through the pipeline and here we come in today with a renewed urgency with respect to helping deal with that problem in the former Soviet Union.

The reason I raise the issue is the authority to spend the money that we have already set aside under the Riegle-Pell amendment, the authority to use those funds expires on September 30 of this year.

So just down the road, that amount of money that we have already provided will not longer be available if it is not used by that time unless we push this deadline, and that is precisely what my amendment will do; it will be to push out that deadline, to extend that authorization out through September 30, 1997. And I do that so that we do not have an arbitrary cutoff of a flow of money previously set aside for defense conversion activities here in the United States at precisely the time they are most needed and we're here trying to do something now to help the former Soviet Republics.

I will just make one other point, if I may, then I would like to yield for a response.

Mr. NUNN. Mr. President, I just wanted to ask a question.

Mr. RIEGLE. Yes.

Mr. NUNN. I have to leave the floor.

Mr. RIEGLE. I yield to the Senator.

Mr. NUNN. As I understand the amendment, having read it—maybe the Senator could enlighten me on it if I am not correct—the Senator is saying the money we put in our defense bill in last year's bill—and I believe we had some in the bill the year before last, also, that would help in defense conversion—that money that has not been expended for that purpose will not expire in terms of its eligibility to be expended.

Mr. RIEGLE. Yes; I would extend the date so that this would in fact continue to be available. Otherwise it will expire as of the September 30.

Mr. NUNN. I have no objection to that.

Mr. RIEGLE. That is very helpful.

Mr. NUNN. We intended the money to be used for that purpose. And the Senator is correct it had not been.

Mr. RIEGLE. I wonder, in light of that, if the managers would feel they could accept that second-degree amendment.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I would like to accept the second-degree amendment, but I ask the Senator, is there a budgetary impact on it? Has it been cleared with the Budget Committee?

Mr. RIEGLE. We are double-checking that. Our assumption is that it was not. I will have a final answer for that shortly. We are checking with the Budget Committee.

AMENDMENT NO. 2684 TO AMENDMENT NO. 2683

(Purpose: To provide for extension of defense conversion programs)

Mr. RIEGLE. Let me send the amendment to the desk so the amendment is pending.

I state again it was in direct response to the leadership from the Senator from Rhode Island, who had a concern about this issue 2 years ago, as did I, that we collaborated to put this provision into law. And it is there now. The problem is the funds are not being used and the authority is about to expire.

I might say further that the extension of this time deadline has been recommended on both sides of the aisle. Both the Republican and Democratic Senate task forces that exist separately on the issue of defense conversion have made this very recommendation that this deadline be pushed out into the future so these moneys will, in fact, continue to be available.

I might say to the Senator, I know in Connecticut, I know in Michigan, and probably in most of the 50 States, there are quite urgent needs that communities are struggling to deal with and displaced workers are struggling to deal with. And I just do not think we are on solid ground to come in today and extend a form of defense conversion help of this kind to the old Soviet Union and not at the same time take the step that is necessary to keep that help already set in motion available and moving out into communities and to workers here in the United States.

The PRESIDING OFFICER. Does the Senator wish to offer his amendment at this time?

Mr. RIEGLE. Yes.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE] proposes an amendment numbered 2684 to Amendment No. 2683.

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

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

The amendment is as follows:

At the end of the amendment add the following:

SEC. . AVAILABILITY OF ECONOMIC ADJUSTMENT ASSISTANCE.

Notwithstanding any other provision of law, funds appropriated to the Department of Defense before the date of the enactment of this Act and made available for the Office of Economic Adjustment of that department to assist State and local governments significantly impacted by reductions in defense industry employment or reductions in the number of Department of Defense military and civilian personnel residing in such States and communities shall be available until September 30, 1997.

Mr. DODD. Mr. President, I commend the Senator on his amendment and express my support for it.

As has been pointed out, when you look at the three various defense transition programs that are out there you see that a fraction of what had been authorized was just sitting there when in fact many requests were being made and these communities and individuals were really hard-pressed.

I think the amendment of the Senator which would extend the time that the dollars are made available to help in that conversion process could be critically important. I think the Senator's amendment makes a significant contribution to the concept we are trying to put in place.

I am heartened to hear the chairman of the Armed Services Committee indicate his support and indication that in the upcoming authorization bill there will be a greater commitment in this area.

Unfortunately, I would say with all due respect—and I know there are others who tried very hard on a bipartisan basis on this issue and I say that very respectfully to those who are responsible for these programs—it has been very slow in terms of bringing assistance in these areas.

So that was the reason for the amendment, and I commend him on the second-degree amendment.

Mr. LUGAR. Mr. President, I would like to raise a question directly with the distinguished Senator from Michigan. My understanding is the amendment concerns funds that had been appropriated but not extended and that the Senator is not calling for appropriation of new funds in this particular second-degree amendment.

Mr. RIEGLE. That is correct. It simply extends the time period over which those funds can be spent and it makes sure they are not going to be, in effect, withdrawn at a time when the need is increasing for their use.

Mr. LUGAR. Mr. President, I would comment that on our side of the aisle a commission, headed by the distinguished Senator from New Hampshire [Mr. RUDMAN] has tried to address the conversion issues and has made a report. A comparable effort, headed by Senator PRYOR of Arkansas on the Democratic side, seems to mesh on most of those issues. And as I recall the reports, clearly the issues that have been raised by the distinguished Senators from Michigan and Connecticut have been given very high priority.

It is useful, as the Senator has pointed out, that the distinguished chairman of the Armed Services Committee today has made a prediction with regard to the activities of his committee and, of course, we will all have that issue on the floor soon. But in view of the fact that the funds are those that have been appropriated, that both parties have expressed themselves also very firmly in behalf of very substantial efforts in the conversion in our own country, we are prepared to accept the second-degree amendment on our side.

Mr. RIEGLE. I thank the Senator from Indiana.

Again for the record, that specific time extension has been reached both by the task force headed by Senator RUDMAN on your side and the one very ably led on our side by Senator PRYOR.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I think it is an excellent amendment. In fact, I would ask the Senator from Connecticut if I could be a cosponsor of his amendment and I would like to ask the Senator from Michigan if I could be a cosponsor of his.

The PRESIDING OFFICER. Without objection, the Senator will be added as a cosponsor to both amendments.

Is there further debate?

Mr. PELL. Mr. President, I have long been interested in conversion. We have suffered, particularly in my State, from the removal of various defense-oriented jobs. The original concept and the underlying amendment are both, I think, excellent and I would move on this side that we accept the second-degree amendment.

The PRESIDING OFFICER. Is there further debate on the second-degree amendment?

Mr. PELL. Mr. President, I must retract that at the moment because we are waiting for the Budget Committee to clear it. So I must ask temporarily that we put in a call for a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RIEGLE. 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. RIEGLE. Mr. President, let me just say to my colleagues, because I do not want to get hung up here, this money has already been appropriated—there is no one objecting on the floor—it has not been extended. We are simply proposing the extension of the date. Both parties have recommended this formally. No one is here challenging it on the basis of any kind of point of order on the budget, or anything else, and I would like to proceed.

If somebody wants to object, fine. Then we can track down an objection. I know of no one who objects.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I really would feel more secure if we had the clearance from the Budget Committee, which I am trying to get right now.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Several Senators addressed the Chair.

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

The PRESIDING OFFICER. Without objection, it is so ordered. The Chair recognizes the Senator from South Dakota.

Mr. RIEGLE. I wonder if the Senator might yield for a moment to clear up this point.

Mr. PRESSLER. Mr. President, I have an amendment that has been agreed to on both sides. If there is going to be a pause here in the proceedings, I was going to try to offer it. I just conferred with Senator LUGAR.

Mr. RIEGLE. If the Senator will yield just for a moment? I want to try to clarify where we are, without disadvantaging the Senator from South Dakota. It will not take long.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. RIEGLE. I am told on this issue, Mr. President, if someone wanted to raise a point of order on this, we could go through the exercise of overcoming that with 60 votes, which I fully gather we would have. I am not sure there would be any votes against it.

But there is no one here raising such a point of order. If that is a concern, then I ask unanimous consent, now, that that issue be dealt with in a form that would be sufficient to settle that issue now.

I, frankly, think it is a moot point. But if it needs to be pursued I will pursue it now. I do not want to hang this bill up on this point, because I do not think there is any need for it.

Mr. DODD. Will the Senator yield?

Mr. RIEGLE. I will make a unanimous consent request, if that is necessary, so there is no doubt about it, if that is what it takes to perfect this issue so that concern evaporates.

Mr. DODD. Mr. President, if the Senator will yield, this is an issue where the money was appropriated. It was scandalous. They did not spend the money on defense conversion. Subject to a point or order? This is a minor point.

Mr. RIEGLE. In light of the fact both of our conversion Defense Committees have looked at this issue and have asked this be done; the money has been appropriated; it is needed and it has not been spent, I am going to propound a unanimous-consent agreement that the amendment be accepted, notwithstanding any point of order that might be raised from a budget point of view.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I really must suggest the absence of a quorum while we work this out. 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. PRESSLER. 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. PRESSLER. Mr. President, I ask parliamentary steps be taken to lay aside this amendment, or whatever is required, so I may offer an amendment that is agreed to on both sides, cosponsored by Senators DOLE, BYRD, DECONCINI and D'AMATO.

I would like to ask unanimous consent to send this to the desk at this time.

The PRESIDING OFFICER (Mr. GRAHAM). Is there objection to setting aside the pending amendments? Without objection, it is so ordered.

The Senator from South Dakota is recognized.

AMENDMENT NO. 2685

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from South Dakota [Mr. PRESSLER], for himself, Mr. BYRD, Mr. DOLE, Mr. DECONCINI, and Mr. D'AMATO, proposes an amendment numbered 2685.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert the following new section.

SEC. . United States Policy Regarding Orderly and Timely Withdrawal of Russian or Commonwealth of Independent States Troops from Lithuania, Latvia, and Estonia.

(a) FINDINGS.—Congress finds that:

(1) during the existence of the Soviet Union, the United States never recognized the incorporation of Lithuania, Latvia and Estonia into that entity;

(2) during the existence of the Soviet Union, troops of the Soviet Union were stationed in the territories of Lithuania, Latvia and Estonia;

(3) after the Soviet Union collapsed, Lithuania, Latvia, and Estonia redeclared their independence and governments of the three states have been recognized by the United States;

(4) armed forces of the Russian Federation or Commonwealth of Independent States continue to be stationed on the sovereign territories of Lithuania, Latvia, and Estonia after independence;

(5) the Governments of the Russian Federation and Commonwealth of Independent States have failed to begin good faith negotiations with Lithuania, Latvia, and Estonia, despite urgent requests from the Baltic governments to do so;

(6) a mutually agreed timetable for removal of foreign forces from the sovereign territories of Lithuania, Latvia, and Estonia is a prerequisite for those countries to be able to enjoy the benefits of independence and representative government institutions;

(b) SENSE OF CONGRESS.—

(1) it is the sense of the Congress that the governments of the Russian Federation and Commonwealth of Independent States should immediately begin good faith negotiations toward an orderly, timely and complete withdrawal of their forces from Lithuania, Latvia, and Estonia and state that they have no long-term territorial interests in the Baltic States;

(2) good faith negotiations to accomplish these purposes should be a top priority of the United States, and should be raised as an urgent matter in bilateral discussions and appropriate international bodies, including at the Conference on Security and Cooperation in Europe;

(3) orderly, timely withdrawal of foreign forces from the territory of the Lithuania, Latvia, and Estonia may require international supervision;

(4) the President should keep Congress fully advised about progress toward these goals on a regular and ongoing basis.

Mr. PRESSLER. Mr. President, I rise to propose a sense-of-the-Senate amendment regarding United States support for removal of Russian troops from the Baltic States. Last night the Senate debated 4 hours on ways the United States can help bring about the removal of Russian troops from Lithuania, Estonia, and Latvia. Senator DECONCINI and myself proposed an amendment linking assistance to Russia on progress toward troop removal from the Baltic States. Unfortunately, the Senate accepted a weakened version of our amendment.

Let me say I was not totally pleased with the amendment that finally passed the Senate. Yet, that was the will of the Senate.

Therefore, today I propose a sense-of-the-Senate resolution stating essentially, that the Russian Federation should begin good faith negotiations with the Baltic governments to take their troops out of the three Baltic countries, and that the Russian Government should state that it does not have any long-term territorial interests in Lithuania, Estonia, and Latvia.

This is a sense-of-the-Senate resolution. It is cosponsored by Senators DOLE and BYRD. I would personally prefer much tougher language, but if we're not willing to do that we must somehow keep the pressure on the Russians. The United States must diplomatically pressure the Russians to remove their troops as soon as possible.

Yesterday, I read several statements made by the Foreign Minister of Russia, the Russian Defense Minister and several other top leaders that threaten the Baltic governments. Some in Russia plan to keep troops in the Baltic States permanently. They unfortu-

nately consider control of the Baltic States vital for Russia's survival. Throughout history they have wanted to occupy the Baltic nations.

Mr. President, the world has changed—but not that much. The Senate appropriates United States taxpayers' dollars to give aid to Russia, Russia is spending dollars to maintain troops in three independent countries where they are not wanted.

Let me say, the amendment offered by Senator DECONCINI and myself yesterday was supported by Latvia, Estonia, and Lithuania. They did not want our amendment weakened. Nor did I.

Last nights outcome is not completely satisfactory to me. However, in working the will of the Senate, if this is the best we can do, I say it's better than nothing. The amendment I offer today will send a signal to the Russians, that we want their troops out of Lativia, Estonia, and Lithuania. We want to see a plan for their withdrawal and we want them to declare that they do not have long-term territorial interests in the Baltic countries.

I yield any time I have. I hope the amendment is adopted.

The PRESIDING OFFICER. Is there further debate? The Senator from Indiana.

Mr. LUGAR. Mr. President, we are prepared to accept the amendment. We thank the distinguished Senator for his leadership on this issue.

The PRESIDING OFFICER. Is there further debate? Is there objection? The Senator from Rhode Island.

Mr. PELL. We discussed this matter pretty thoroughly yesterday, Mr. President. It is a good amendment. We all share in the real concern for the inhabitants of Latvia, Lithuania, and Estonia.

I am glad to support this amendment.

The PRESIDING OFFICER. If there be no further debate the question is on agreeing to the amendment.

The amendment (No. 2685) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PELL. 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. PELL. I ask unanimous consent the pending amendment be laid aside.

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

AMENDMENT NOS. 2686–2696

Mr. PELL. Mr. President, I send a package of amendments to the desk and ask for their immediate consideration. I ask unanimous consent they be considered en bloc. They include:

An amendment by Senator KERRY on assistance to Azerbaijan, No. 2686.

An amendment by Senator KENNEDY and Senator SIMPSON authorizing a United States contribution to an international organization to address migration issues in the former Soviet Union, No. 2687.

An amendment by Senator MCCONNELL for Senator ROTH to promote competitive opportunities with regard to the newly independent states for U.S. insurance companies, No. 2688.

An amendment by Senator WIRTH to authorize the use of funds to promote the health of women in the new states of the former Soviet Union, No. 2689.

An amendment by Senator MITCHELL to designate the law and business training program for graduate students from the former Soviet Union and the Baltic countries as the Edmund S. Muskie Fellowship Program, No. 2690.

An amendment by Senator MCCONNELL regarding the role of the International Financial Corporation in the former Soviet Union, No. 2691.

An amendment by Senator KERRY expanding the authorization on educational television in the former Soviet Union to include adult as well as children's programming, No. 2692.

An amendment by Senators PELL and LIEBERMAN authorizing appropriations to establish and operate additional American Business Centers, No. 2693.

An amendment by Senators LAUTENBERG and ROTH authorizing technical assistance to the former Soviet Union to promote the protection of intellectual property, No. 2694.

An amendment by Senator LUGAR calling for a feasibility study on a G–7 international guarantee loan facility, No. 2695.

An amendment by Senator SARBANES regarding the use of existing U.S. educational facilities in Europe in the pursuit of this act, No. 2696.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Rhode Island [Mr. PELL] proposes amendments en bloc numbered 2686–2696.

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

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

The amendments are as follows:

AMENDMENT NO. 2686

On page 30, strike lines 1 through 8 and insert in lieu thereof the following:

(c) ASSISTANCE TO AZERBAIJAN.—The President may not provide assistance under this Act of any other provision of law to the Government of the Republic of Azerbaijan until the President determines, and so reports to the Congress, that the Government of Azerbaijan—

(1) is taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabach;"

AMENDMENT NO. 2687

(Purpose: International Migration Fund for the former Soviet Union)

On page 52, after line 13, add the following new section:

SEC. 21. INTERNATIONAL MIGRATION FUND FOR THE FORMER SOVIET UNION.

(a) AUTHORIZATION.—(1) The Secretary of State is authorized to make contributions on behalf of the United States to the Intergovernmental Organization for Migration, or other appropriate organizations, for the purpose of providing assistance in the independent states of the former Soviet Union—

(A) to assist and protect refugees, displaced persons, and other migrants;

(B) to address the root causes of migration; and

(C) to assist governmental institutions in the various independent states of the former Soviet Union in developing appropriate immigration laws and procedures and to protect the human rights of migrants.

(2) In selecting the international organization or organizations to which such contributions shall be made, the Secretary of State, in order to encourage contributions from foreign governments, shall consider contributing funds to any appropriate organization that has established or would establish an international migration fund for migration assistance in the independent states of the former Soviet Union.

(b) FUNDING.—Of the funds made available under this Act, up to $30,000,000 be available for the provision of the assistance under subsection (a).

Mr. KENNEDY. Mr. President, every day our newspapers and televisions bring home the sad spectacle of millions of refugees and displaced persons on the move throughout the former Soviet Union.

This massive migration threatens to exacerbate tensions and strain the fragile infrastructures of the newly independent Republics.

The amendment which Senator SIMPSON and I offer today is designed to respond to these intense migration pressures. Our amendment calls for the creation of an International Migration Fund, to which the United States and other governments may contribute, to address the varied migration needs throughout the region.

Protection and assistance to refugees and displaced persons is a major concern.

The civil war over Nagorno-Karabakh has displaced thousands of civilians. Ongoing violence in that region, as well as parts of Georgia and Moldova, assure that even more refugees will be created in the weeks ahead.

There is also massive internal migration within the former Soviet Union. The Soviet Union, as a matter of policy, sought to colonize the various republics by distributing ethnic Russians throughout that nation. The Soviets, particularly right after World War II, forcibly relocated millions of ethnic groups perceived to be disloyal to the Soviet Government, including ethnic Germans, Koreans, Tatars and many others.

It is estimated that over 65 million people—including many ethnic Russians—were forcibly displaced from their homelands in the years of Soviet domination. Many of these peoples now want to return to their ancestral lands.

In the past year, over 2 million ethnic Russians have returned to the new Russian Federation. Another 20 million ethnic Russians still reside in other Republics, and many may seek to resettle in Russia in the months and years ahead. In addition, as many as 10 million people have been displaced in Russia alone as a result of economic upheaval and unemployment.

In America, officials are still trying to rebuild housing to accommodate the refugees from the 1988 earthquake. Now they must find housing for refugees from violence. Armenian officials estimate that at current rates of construction, it will take 20 years to provide sufficient housing for the population.

As a result, large groups of Armenian migrants are arriving in various parts of the former Soviet Union, including Moscow, as they seek desperately to find some way of sheltering and supporting their families.

Important international initiatives are already under way by the Intergovernmental Organization for Migration, the U.N. High Commissioner for Refugees, and others, with the assistance of the United States. The International Red Cross is providing assistance to refugees in Armenia and Azerbaijan. IOM and others are providing technical assistance to the Russian Republic to enable officials to cope with migration in a fair and reasonable manner. And IOM hopes soon to expand its efforts to other republics.

Unless much more is done—unless the United States and our allies take the issue of migration within the former Soviet Union more seriously—this massive migration threatens to overwhelm these struggling new countries.

The amendment which the Senator from Wyoming and I are offering proposes that the United States take the lead in establishing an International Migration Fund to assist the independent states of the former Soviet Union. This fund could be administered by the Intergovernmental Organization for Migration, which already is heavily involved in addressing migration issues in Russia, and is expanding its efforts to other newly independent States.

Grants would be made from the fund to a variety of international organizations working on migration problems, such as U.N. agencies, the Red Cross, and emerging governmental institutions in the former Soviet Union.

It is our hope that the fund can become a rallying point for contributions from other governments, particularly Western Europe and Japan, to generate both funds and expertise to address these serious migration problems.

Earlier this year, Senator SIMPSON and I proposed to the Administration and to the Appropriations Committee that $30 million be appropriated as the U.S. contribution toward creating a $100 million International Migration Fund. We also suggested to the administration that the United States take the lead internationally in creating such a fund.

There are many needs across the former Soviet Union which this bill is seeking to address, and the needs vary greatly from republic to republic. But massive migration is a constant challenge throughout these areas. Our amendment assures that this important issue will receive the attention that it deserves, and I urge its adoption.

AMENDMENT NO. 2688

(Purpose: To promote competitive opportunities for United States Insurance Companies)

At an appropriate place in the bill, add the following new section:

SEC. . PROMOTION OF COMPETITIVE OPPORTUNITIES FOR UNITED STATES INSURANCE COMPANIES.

(a) The Commodity Credit Corporation and the Agency for International Development, when engaging in any transaction with any foreign government or private entity pursuant to the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act" shall seek to ensure that United States insurance companies are afforded a fair and open competitive opportunity to provide insurance against risk of loss in connection with any transaction a loan, loan guarantee, insurance, reinsurance, or extension of credit is provided.

(b) In any case in which, the Commodity Credit Corporation or the Agency for International Development become aware that a fair and open competitive opportunity is not available to any United States insurance company with respect to the insurance-related business stemming from any loan, loan guarantee, or extension of credit made under this Act, Commodity Credit Corporation or the Agency for International Development—

(1) may approve or deny the loan, guarantee, or extension of credit after considering whether such a denial would be likely to achieve competitive access for United States insurance companies; and

(2) shall forward information to the United States Trade Representative regarding the denial of a fair and open competitive opportunity to United States insurance companies;

(3) in any case in which the Commodity Credit Corporation or the Agency for International Development approve a transaction, notwithstanding information regarding denial of competitive opportunities for United States insurance companies, the Commodity Credit Corporation, or the Agency for International Development shall include notice of such approval and reason for such approval to the appropriate committees of the U.S. Senate and the House of Representatives.

(c) For purposes of this section:

(1) The term United States insurance company—

(A) includes an individual, partnership, corporation, holding company, or other legal entity which is authorized (or in the case of a holding company, subsidiaries of which are authorized) by a State to engage in the business, contracts or reinsuring the risk underwritten by insurance companies; and

(B) includes foreign operations, branches, agencies, subsidiaries, affiliates, or joint ventures of any entity described in clause (A).

(2) The term fair and open competitive opportunity means, with respect to the provision of insurance by a United States insurance company, that the company—

(A) has had notice of the opportunity to provide such insurance; and

(B) has been evaluated for such opportunity on a nondiscriminatory basis.

AMENDMENT NO. 2689

(Purpose: To authorize the use of funds to promote the health of women in the independent states of the former Soviet Union)

On page 35 of the amendment, line 14, strike out "and".

On page 35 of the amendment, line 19, strike out the period and insert in lieu thereof "; and".

On page 35 of the amendment, between lines 19 and 20, insert the following:

(10) to improve family planning and maternal health services in the independent States of the former Soviet Union in order to promote the health of women in those States.

AMENDMENT NO. 2690

(Purpose: To designate the law and business training program for graduate students from the Soviet Union, Lithuania, Latvia, and Estonia as the "Edmund S. Muskie Fellowship Program")

On page 52, after line 13, add the following new section:

SEC. 21. DESIGNATION OF EDMUND S. MUSKIE FELLOWSHIP PROGRAM.

Section 227 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2452 note), is amended by adding at the end the following new subsection:

"(f) DESIGNATION OF PROGRAM.—(1) The scholarship program established by this section shall be known as the 'Edmund S. Muskie Fellowship Program'.

"(2) Scholarships provided under this section shall be known as 'Muskie Fellowships'.".

AMENDMENT NO. 2691

Section 11 is amended by inserting "(a)" after the section heading and by adding at the end thereof the following new section:

SEC. 11. ROLE OF INTERNATIONAL FINANCE CORPORATION.

(b) The International Finance Corporation Act (22 U.S.C. 282 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 14. The United States Governor of the Corporation is authorized to agree to amendments to the Articles of Agreement of the Corporation that would:

"(a) amend article II, section 2(c)(ii), to increase the vote by which the Board of Governors of the Corporation may increase the capital stock of the Corporation from a three-fourths majority to a four-fifths majority; and

"(b) amend article VII(a) to increase the vote by which the Board of Governors of the Corporation may amend the Articles of Agreement of the Corporation from a four-fifths majority to an eighty-five percent majority."

AMENDMENT NO. 2692

On pages 38–9 section 9 is amended:

By striking the word "children's" wherever it appears;

By inserting after the word "television", on line 4, the words ", for children and adults,"; and

By inserting "and a free market economy" after "society" on line 7 of page 38 and line 2 of page 39.

Mr. KERRY. Mr. President, this amendment broadens section 9 of the committee-reported bill to authorize support for educational television in the former Soviet Union generally, and to include an emphasis on teaching the fundamentals of a free market economy. Under the Committee bill, assistance would be limited to children's television programming aimed at promoting basic skills and human values associated with a democratic society. The amendment would authorize suitable presentations for teenagers and adults while retaining the committee's emphasis on children's programming.

The amendment is based on three basic facts. First, that the economic reforms now underway in the former Soviet Republics are far more likely to succeed if the citizens of those republics are able to understand how a free market system works; second, that the fundamentals of free market economics remain a mystery to millions of Russians and other residents of the former Soviet Republics; and third, that television is by far the most powerful communications tool available to educating large numbers of people quickly about the free market and their potential role in it.

In offering the amendment, I want to express my gratitude to the author of this section of the bill, Senator BIDEN. The Senator was the first to recognize the vital role that educational television may play in preparing the people of the former Soviet Union to deal with the rapid and often intimidating changes that are taking place in their world.

AMENDMENT NO. 2693

(Purpose: To authorize appropriations to establish and operate additional American Business Centers)

On page 40, after line 24, add the following new subsection:

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the Department of Commerce $12,000,000 for fiscal year 1993 to establish and operate additional American Business Centers in countries being assisted under this Act.

(2) Amounts appropriated pursuant to paragraph (1) are authorized to remain available until expended.

AMENDMENT NO. 2694

(Purpose: To provide technical assistance to the former Soviet Union to promote the protection of intellectual property)

On page 28, line 1, insert ", including adequate and effective intellectual property protection," after "frameworks".

On page 31, lines 19 and 20, strike "and foreign investment codes" and insert in lieu thereof "foreign investment codes, and effective laws for the protection of patents, copyrights, trademarks, and other forms of intellectual property".

Mr. LAUTENBERG. Mr. President, this package of amendments that the managers are offering includes one I have proposed on intellectual property. Senator ROTH was the original cosponsor of this amendment. I am pleased that the committee has included our amendment in this package that is now before the Senate.

Our amendment would enable our Government to provide technical assistance to the Republics of the former Soviet Union to help them enact laws that provide protection against piracy of patents, copyrights, and trademarks. It is intended to ensure that the Republics enact good laws that protect the creativity and ingenuity of American industry.

Under title VII of the Foreign Relations Committee reported version of the Freedom Support Act, the administration is authorized to provide technical assistance to support the creation and development of private enterprise and free market systems. To that end, title VII authorizes technical assistance to support legal frameworks, such as commercial codes, private property codes, banking codes, tax codes, and foreign investment codes. However, it does not authorize technical assistance to help develop laws protecting against the piracy of patents, trademarks, and copyrights. Our amendment would change that by adding to the list of laws for which technical assistance could be provided, effective laws for the protection of intellectual property.

It would also require the President to take into account the extent to which states are acting to enact laws providing adequate and effective intellectual property protection when providing assistance authorized in the bill.

America's ideas and inventions have always been our competitive edge. Unfortunately, our businesses lose billions when the fruits of their creativity are pirated in foreign countries where adequate intellectual property laws are nonexistent or not enforced.

Providing technical assistance to support private sector development and the establishment of necessary legal frameworks in the Republics of the former Soviet Union is a laudable goal. However, as we assist the Republics in the transition to a market economy, we must not overlook America's best interests. Clearly, it is in our interest to assist the Republics to enact and enforce laws that will prevent unfair exploitation of intellectual property.

Several Republics in the former Soviet Union have signed trade agreements which obligate them to change their intellectual property laws. Most of the other Republics are interested in developing world class intellectual property laws to encourage investment and exchange of technologies. These Republics need and are asking for technical assistance. We should provide it to them and take necessary steps to ensure that our assistance is used to support effective laws that protect the American creativity.

Mr. President, this amendment has been endorsed by the Pharmaceutical Manufacturer's Association, the Intellectual Property Owners, Inc., the Motion Picture Association, Paramount Communications, Inc., the Intellectual Property Committee, Schering Plough, the Industrial Biotechnology Association, the Recording Industry Association of America, the International Intellectual Property Alliance, and the Association of American Publishers. I ask unanimous consent that copies of letters endorsing this amendment be included in the RECORD.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. LAUTENBERG. The United States must make every effort to ensure that the Republics pass laws that provide adequate and effective intellectual property protection. We must be aggressive in ensuring that the governments of the Republics do not perpetuate laws and regulations that deny U.S. rightholders effective protection. This amendment is designed to do just that.

I urge my colleagues to support this amendment.

EXHIBIT 1

PHARMACEUTICAL MANUFACTURERS ASSOCIATION,
June 12, 1992.

Hon. FRANK R. LAUTENBERG,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: The Pharmaceutical Manufacturers Association strongly supports your and Senator Roth's proposed amendment to S. 2532, the Freedom Support Act. We commend you both for having the foresight to draft language which would enable our government to provide technical assistance to the republics of the former Soviet Union to help them enact laws which respect intellectual property rights.

A major precondition for an expansion of business in Russia, or for any significant investment, is the implementation of legislation that encourages outside investment and assistance. This legislation should include: asset protection, patent protection, and tax incentives.

Of greatest importance to our industry is patent protection. We have suffered from widespread copying and counterfeiting of our products throughout central and eastern Europe, and that has made our members reluctant to introduce some of their newer, more innovative products into the region.

Prior to its dissolution, the USSR offered process patent protection only, rather than product patent protection. In addition, the patent term was limited to 15 years. This protection is inadequate. Recognizing the shortcomings of its intellectual property law, the Soviet authorities drafted a new law which provided a 20-year term and product patent protection for pharmaceuticals. It did not, however, provide for pipeline or transitional protection and did not allow for "importation" to satisfy the working requirements to avoid compulsory licenses.

Regrettably, the USSR dissolved before it was able to implement its patent law, and

now Russia and the other republics appear reluctant to enact the Soviet law. We have asked the U.S. Trade Representative that these countries be placed on the 301 Watch List.

The amendment you and Senator Roth will propose will greatly facilitate the efforts of our government to help these newly emerging democracies to develop meaningful industrial and intellectual property regimes.

Sincerely,

GERALD J. MOSSINGHOFF.

INTELLECTUAL PROPERTY OWNERS, INC.,
Washington, DC, June 16, 1992.

Hon. FRANK L. LAUTENBERG,
U.S. Senate, Washington, DC.
Hon. WILLIAM V. ROTH, Jr.,
U.S. Senate, Washington, DC.

DEAR SENATORS LAUTENBERG AND ROTH: Intellectual Property Owners (IPO) strongly supports the amendment relating to intellectual property that you intend to offer during Senate consideration of S. 2532, the Freedom Support Act.

IPO represents nearly 100 major U.S. companies and some small businesses and independent inventors. Our members perform a significant portion of the research and development carried out in the United States and depend heavily on patents and other forms of intellectual property world-wide to protect their R&D investments.

In order for U.S. industry is to be able to profit from trade and investment in the former Soviet republics in technology-intensive products, the republics must have adequate and effective intellectual property laws. Such laws will help the republics in their transition to a market economy by enabling them to develop and attract industries that rely on technology.

We believe it is obviously appropriate to amend title 7 of S. 2532 to authorize technical assistance to support frameworks for protection of intellectual property, in addition to supporting development of other commercial laws such as those relating to banking, tax and foreign investments.

We compliment you for taking the initiative to offer this amendment.

Sincerely,

DONALD W. BANNER,
President.

MOTION PICTURE ASSOCIATION
OF AMERICA, INC.,
Washington, DC, June 16, 1992.

Hon. FRANK LAUTENBERG,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR FRANK: Right now, there is uncontrolled, rampant piracy of American films and TV programs in the former Soviet Union countries. No one is doing anything about it. We have been working for some time on this most vexing issue. The lack of suitable copyright laws and a seeming lack of will in enforcing any laws pertaining to copyright theft are the principal obstacles.

I don't have to tell you that one of America's premier and most valuable trade assets is intellectual property, which is hospitably received throughout the world. U.S. movies/TV programs and home video material produce over $3.5 billion annually in SURPLUS balance of trade.

We need your help and that of your colleagues in trying to persuade the Russian government to move quickly to protect intellectual property throughout that Republic. Whenever those copyright laws are in place, I am ready to send a team of U.S. law enforcement experts to Russia to advise on the most effective procedures for combating piracy.

So I believe your amendment to the Freedom Support Act (S. 2532) is the right step at the right time. I endorse your efforts.

Sincerely and warmly,

JACK VALENTI.

PARAMOUNT COMMUNICATIONS INC.,
Washington, DC, June 9, 1992.

Hon. FRANK R. LAUTENBERG,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR FRANK: As a major copyright-based company, we applaud your efforts to add an intellectual property component to S. 2532, the Freedom Support Act.

It is no secret that the current copyright protection regimes in the CIS are woefully inadequate. It's not that their hearts are in the wrong place after so many decades of state control and central planning. It's just that they lack the know-how to enact and enforce the kinds of measures designed to preserve copyrights in films, television programming and books and to crack-down on the piracy, all too rampant within the CIS.

The Lautenberg-Roth amendment is aimed at helping to cure this knowledge gap. We support it.

Most sincerely,

LARRY.

SCHERING-PLOUGH CORP.,
Madison, NJ, June 12, 1992.

Senator FRANK R. LAUTENBERG,
U.S. Senate, Washington, DC.

DEAR SENATOR LAUTENBERG: Schering-Plough Corporation is happy to support the amendment which you and Senator William Roth, Jr., intend to offer during Senate consideration of S. 2532, The Freedom Support Act.

We also acknowledge your diligence in discovering the oversight in S. 2532, which you and Senator Roth uncovered as well as your ongoing efforts to maintain and strengthen our intellectual property laws which are essential for the protection of the invention and ideas generated by U.S. inventors.

We also acknowledge your diligence in discovering the oversight in S. 2532, which you and Senator Roth uncovered as well as your ongoing efforts to maintain and strengthen our intellectual property laws which are essential for the protection of the invention and ideas generated by U.S. inventors.

Very truly yours,

SCHERING-PLOUGH CORPORATION,
DR. STEINAR V. KANSTAD,
Staff Vice President-Patents.

INDUSTRIAL BIOTECHNOLOGY
ASSOCIATION,
Washington, DC, June 16, 1992.

Hon. FRANK LAUTENBERG,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: The Industrial Biotechnology Association (IBA) strongly supports your amendment to the Freedom Support Act (S. 2543) to authorize the Administration to provide technical assistance to the former Soviet Union in the development of laws that provide intellectual property protection to inventors and writers. IBA is a trade association representing 80 percent of U.S. investment in biotechnology.

The U.S. is the world leader in biotechnology. Last year, the U.S. biotechnology industry produced $4 billion in sales, including $600 million in net exports. The White House Council on Competitiveness projects that our industry will reach $50 billion in sales within ten years. Our ability to reach this goal is closely linked with our ability to protect our inventions from foreign piracy.

Your amendment would help protect our industry's creativity and growth, and permit us to create hundreds of thousands of American jobs over the next decade. We are of course delighted to support it and we commend you for once again taking a leadership role in protecting U.S. intellectual property.

Very truly yours,

RICHARD D. GODOWN,
President.

RECORDING INDUSTRY ASSOCIATION
OF AMERICA, INC.,
Washington, DC, June 23, 1992.

Hon. FRANK LAUTENBERG,
Senate Hart Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: I am writing to note my full endorsement of, and support for, your proposed amendment to S. 2532, the Freedom Support Act, that would provide technical assistance to the former Soviet republics to develop adequate and effective intellectual property regimes.

The U.S. entertainment industries export democratic ideals while returning billions of dollars to our economy. The recording industry is anxious to invest in the emerging democracies of Central and Eastern Europe, thus leading to greater economic and political stability in the region, but we are unable to do so in the absence of an effective framework for the protection of their property industries.

Your proposed amendment would help facilitate the establishment of an intellectual property regime consistent with the U.S. economic interest while at the same time supporting the creation of an infrastructure that will lead to improved local conditions.

Please call on me if I can be of assistance in supporting this important initiative, and thank you.

Sincerely,

JASON S. BERMAN,
President.

INTERNATIONAL INTELLECTUAL
PROPERTY ALLIANCE,
Washington, DC, June 19, 1992.

Hon. FRANK LAUTENBERG,
Hon. WILLIAM ROTH,
U.S. Senate, Washington, DC.

DEAR SENATORS LAUTENBERG AND ROTH: The International Intellectual Property Alliance (IIPA), representing the U.S. copyright-based industries, strongly supports your amendment to S. 2532, the Freedom Support Act. Each Republic is going to have a very hard time implementing a good copyright law and then enforcing it. Technical assistance funds appropriated through this legislation will become a necessary, if not crucial, element of an overall plan to bring these countries into the international copyright community.

We hope members of the Senate will support your amendment and stand ready to help your efforts to amend the bill to include this important provision. We thank you for sponsoring this important measure.

Sincerely,

ERIC H. SMITH,
Executive Director and General Counsel.

ASSOCIATION OF AMERICAN PUBLISHERS, INC.,
Washington, DC, June 23, 1992.

Hon. FRANK LAUTENBERG,
Hon. WILLIAM ROTH,
United States Senate, Washington, DC.

DEAR SENATORS LAUTENBERG AND ROTH: The Association of American Publishers (AAP) applauds your efforts to enhance the protections of U.S. intellectual property abroad. If enacted, your amendment to S. 2532, the Freedom Support Act, would be an important tool in combating international piracy of books, motion pictures, sound recording, software and other forms of U.S. created intellectual property. As a founding member of the International Intellectual Property Alliance (IIPA), we join in, IIPA's Executive Director and General Counsel, Eric Smith's strong endorsement of your proposal.

Please let me know if AAP can be any assistance in helping you guide your amendment through Congress.

Sincerely,

NICHOLAS VELIOTES,
President.

AMENDMENT NO. 2695

(Purpose: To require a report on the feasibility of establishing a multilateral facility for insuring investments)

On page 52, after line 13, add the following new section:

SEC. 21. MULTILATERAL INVESTMENT INSURANCE.

Not later than 60 days after the date of enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a report describing the feasibility of establishing a multilateral facility, composed of members of the G–7 Group, for the issuance of guarantees against losses incurred in connection with investments, including large-scale and capital intensive investments, in the independent States of the former Soviet Union.

AMENDMENT NO. 2696

Insert at the appropriate place in the bill:

"In pursuing the purposes of this Act, executive branch agencies should, to the maximum extent possible, utilize the resources and expertise of existing United States educational facilities in Europe."

Mr. PELL. These amendments have been agreed to on each side of the aisle. In each case, I think they are acceptable; they are good amendments. I hope they can be agreed to en bloc.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, on our side of the aisle, we support each of the amendments in this package.

I congratulate my chairman on pulling together a good number of amendments all in one package, so that expeditiously we can deal with the issues at hand.

The PRESIDING OFFICER. Is there further debate? If there be no further debate, the question is on agreeing to the adoption of the amendments en bloc.

The en bloc amendments (Nos. 2686–2696) were agreed to.

Mr. PELL. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCAIN. 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. RIEGLE and Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the Riegle amendment No. 2684.

Mr. BRADLEY. Mr. President, I call for the regular order.

AMENDMENT NO. 2681

The PRESIDING OFFICER. The question recurs on the Bradley amendment No. 2681.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

AMENDMENT NO. 2697 TO AMENDMENT NO. 2681

(Purpose: To finance an educational and business exchange program with the independent states of the former Soviet Union and the Baltic States)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nebraska [Mr. KERREY] proposes an amendment numbered 2697 to amendment No. 2681.

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

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

The amendment is as follows:

Strike all after the first word and insert the following:

II—FREEDOM EXCHANGE ACT

Subtitle A—In General

SEC. 201. SHORT TITLE.

This title may be cited as the "Freedom Exchange Act".

SEC. 202. STATEMENT OF PURPOSE.

The purpose of this title is—

(1) to bring young people of the former Soviet Union and the Baltic states to the United States so that they might experience first-hand how a free market democracy functions;

(2) to assist the skill-building process necessary for both institution-building and nation-building; and

(3) to ease immigration restrictions to allow the freer flow of scientists and others from the former Soviet Union knowledgeable in the production of nuclear weapons.

SEC. 203. DEFINITIONS.

As used in this title—

(1) the term "Baltic states" means Latvia, Lithuania, and Estonia;

(2) the term "Endowment" means the corporation described in section 211(b)(2);

(3) the term "institution of higher education" has the same meaning as is given to such term by section 1201(a) of the Higher Education Act of 1965;

(4) the term "independent states of the former Soviet Union" includes the following states that formerly were part of the Soviet Union: Armenian, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; and

(5) the term "secondary school" has the same meaning given to such term by section 1471(21) of the Elementary and Secondary Education Act of 1965.

Subtitle B—Educational Exchange Program

SEC. 211. AUTHORITIES FOR AWARDING GRANTS.

(a) GENERAL AUTHORITY.—The President shall establish and carry out an exchange program in accordance with this subtitle. In carrying out such a program, the President shall award, on a competitive basis, grants to eligible organizations to enable such organizations to finance—

(1) the exchange of secondary school students in accordance with section 212;

(2) the exchange of college students in accordance with section 213;

(3) the exchange of graduate students in accordance with section 214;

(4) visits and interchanges of professors and educators in accordance with section 215; and

(5) internships in accordance with section 216.

(b) ELIGIBLE ORGANIZATIONS.—For the purpose of this subtitle, the term "eligible organization" means—

(1) during fiscal year 1993, any private nonprofit organization which has experience in exchange programs and demonstrates a capacity to carry out such programs in the independent states of the former Soviet Union or in the Baltic States; and

(2) during fiscal year 1994, a private, nonprofit corporation to be established which shall be designated by the President to carry out the educational exchange program assisted under this subtitle through the awarding of grants to private, nonprofit organizations described in paragraph (1), which corporation shall be known as the Educational Exchange Endowment (hereafter in this title referred to as the "Endowment").

(c) DURATION.—The President shall award grants under this section during the period beginning on October 1, 1992, and ending on September 30, 1997.

(d) ADMINISTRATIVE EXPENSES.—Each eligible organization receiving a grant under this subtitle may use not more than 10 percent of such grant for administrative expenses.

(e) APPLICATION.—(1) Each eligible organization seeking a grant under this section shall submit an application to the President at such time, in such manner, and accompanied by such information as the President may reasonably require.

(2) Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities for which assistance under this section is sought; and

(B) provide such additional assurances as the President determines to be essential to ensure compliance with the requirements of this section.

(f) MATCHING FUNDS.—The President is authorized to seek private funds to supplement or match public grants for the programs authorized by this title.

(g) ELIGIBILITY FOR GRANTS.—Grants may be made to eligible organizations only if such organizations agree to comply with the requirements specified in this subtitle.

(h) IMPLEMENTATION.—In carrying out this subtitle, the President shall—

(1) encourage colleges and universities receiving students to supplement public grants with their own resources, to the extent possible; and

(2) allow for a wide range of United States institutions to participate in programs under this subtitle.

(i) COMPLIANCE WITH BUDGET ACT.—The authority to make grants under this title shall be effective only to such extent or in such amount as are provided in appropriations Acts.

SEC. 212. SECONDARY SCHOOL STUDENTS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(1) shall be used to finance—

(A) visits of short duration by eligible secondary students, to the United States, to any of the independent states of the former Soviet Union, or to any Baltic state, with priority accorded to visits that take place during fiscal year 1993; or

(B) studies, instruction, and other educational exchange activities in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, for eligible secondary school students.

(2) Of the amount of grants awarded under section 211(a)(1), not more than 35 percent in fiscal year 1993 and not more than 15 percent in fiscal year 1994 may be used for the purpose of paragraph (1)(A).

(b) CONDITIONS.—(1) The President may require that a portion of a grant awarded under section 211(a)(1) be used only for educational activities that are conditioned on the reciprocal exchange of American students.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(1) may be used to finance educational exchanges of American students under this section.

(3) No grant awarded under section 211(a)(1) may be used to reimburse any United States citizen for hosting an eligible secondary student.

(c) DEFINITION.—For purposes of this section, the term "eligible secondary school student" means a secondary school student from the United States, any of the independent states of the former Soviet Union, or any Baltic state who—

(1) is at least 15 years of age;

(2) is attending school at a grade level equivalent to any of the grade levels 10 through 12 in United States secondary schools or has just completed secondary school in any of the independent states of the former Soviet Union or any Baltic state; and

(3) has a minimum level of proficiency in English, as determined by testing.

(d) ADMINISTRATION.—To the maximum extent practicable, a grant under this section shall be used to support the activities described in subsection (a) for secondary school students of widely divergent backgrounds.

(e) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $32,500,000 for fiscal year 1993 and $82,500,000 for fiscal year 1994.

SEC. 213. COLLEGE STUDENTS.

(a) GRANT USES.—Grants awarded under section 211(a)(2) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible college students in institutions of higher education in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with special emphasis on—

(1) those students who are studying to become English teachers; and

(2) those students who are seeking to acquire knowledge or skills applicable to restructuring the economy or building democratic institutions.

(b) CONDITION.—(1) The President may require that an eligible organization in order to receive a grant under section 211(a)(2), agree to use a portion of such grant for educational activities that are conditioned on the institution of higher education providing an eligible college student with some financial resources, either in the form of room and board or as a waiver of tuition.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(2) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible college student" means a student enrolled in four-year programs of study at a community college, college or university in the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any American-founded school in the former Soviet Union, and who—

(1) has completed at least one year of study and is not in the last year of such study; and

(2) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise available for such purpose, there are authorized to be appropriated $27,000,000 for fiscal year 1993 and $45,000,000 for fiscal year 1994.

SEC. 214. GRADUATE STUDENTS.

(a) GRANTS USES.—Grants awarded under section 211(a)(3) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible graduate students in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with emphasis on those students who are seeking to acquire knowledge or skills applicable to restructuring an economy or building democratic institutions.

(b) CONDITION.—Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(3) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible graduate student" means a student from the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any student attending an American-founded university in the former Soviet Union, who—

(1) is enrolled in a graduate course of study at a college or university;

(2) has completed one year of such study; and

(3) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise available for such purpose, there are authorized to be appropriated $4,250,000 for fiscal year 1993, and $5,500,000 for fiscal year 1994.

SEC. 215. "SISTER" UNIVERSITY PROGRAM.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(4) shall be used to finance visits and other interchanges between professors and educators of eligible paired institutions for the purpose of developing curriculum and otherwise strengthening ties between the independent states of the former Soviet Union and the Baltic states and the United States at the institutional level.

(2) Each grant awarded under this subsection shall be in the amount of $50,000.

(3) Each grant awarded under this subsection to eligible paired institutions may be disbursed during a period of two fiscal years.

(b) DEFINITION.—For purposes of this section, the term "eligible paired institutions" means—

(1) in fiscal year 1993, a pairing by the President, or

(2) in any of the fiscal years 1994 through 1997, a pairing by the Endowment,

of one United States institution of higher education with a college or university in any of the independent states of the former Soviet Union or any Baltic state wherever such pairing is likely to promote a continuing relationship between the institutions after the termination of assistance under this subtitle.

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise available for such purpose, there are authorized to be appropriated $1,500,000 for fiscal year 1993 and $2,000,000 for fiscal year 1994.

SEC. 216. LEADERSHIP BY EXAMPLE GROUPS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(5) shall provide eligible persons with internships in enterprises in the United States for durations of six months or less.

(2) Such program may be referred to as the "Leadership by Example Groups (LEGS) Program".

(3) A portion of each grant may be used to provide limited advanced English language training to interns before coming to the United States.

(4) As used in this subsection, the term "enterprises" includes, but is not limited to, enterprises in the fields of agricultural production, agri-business, telecommunications, finance, health care, natural resource management, environmental protection, and oil and mineral exploration and extraction.

(b) CONDITION.—Each eligible organization receiving a grant under section 211(a)(5) awarding internships shall require that a small business or appropriate chamber of commerce provide a portion of the costs of the internships, such as the costs of medical and dental insurance or housing for internship recipients.

(c) DEFINITION.—For purposes of this section, the term "eligible person" means a national of any of the independent states of the former Soviet Union or any Baltic state who—

(1) is under 40 years of age; and

(2) has a minimum level of training in the English language.

(d) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the President $10,000,000 for fiscal year 1993 and $30,000,000 for fiscal year 1994.

SEC. 217. AUTHORIZATION AND MANDATE.

(a) AUTHORIZATION AND MANDATE.—(1) The Congress authorizes and urges the President to establish a program of support for ex-

changes of governmental officials with the independent states of the former Soviet Union and Eastern Europe.

(2) Such program may be referred to as the "Partnership for Essential Governmental Services".

(3) As part of such program, the President is authorized to make available, on a volunteer basis and as appropriate, Federal civil service employees of departments and agencies of the United States for temporary duty in the independent states of the former Soviet Union and Eastern Europe to assist those countries in the development of essential governmental services.

(b) IMPLEMENTATION.—(1) The program authorized by subsection (a) should be carried out by existing agencies of United States Government and by volunteer-coordinating organizations such as the Citizens Democracy Corps, and should place upon each participating foreign government the primary responsibility for—

(A) identifying specific needs for such advisory assistance; and

(B) bearing in-country living expenses of American governmental officials seconded to advise that government.

(2) The President may provide assistance to those independent states of the former Soviet Union which cannot meet their share of the cost of this program.

SEC. 218. ADMINISTRATIVE REQUIREMENTS FOR THE ENDOWMENT.

In order to receive assistance under this subtitle, the Education Exchange Endowment shall comply with the following requirements:

(1) The Endowment shall have the capacity to receive, accept, solicit, and collect private funds to supplement Government grants received under this subtitle and shall agree actively to seek such private funds.

(2)(A) Officers of the Endowment may not receive any salary or other compensation from any source, other than the Endowment, for services rendered during the period of their employment by the Endowment.

(B) If an individual who is an officer or employee of the United States Government serves as a member of the Board of Directors or as an officer or employee of the Endowment, that individual may not receive any compensation or travel expenses in connection with services performed for the Endowment.

(3)(A) The Endowment shall not issue any shares of stock or declare or pay any dividends.

(B) No part of the assets of the Endowment shall inure to the benefit of any officer or employee of the Endowment, or any other individual, except as salary or reasonable compensation for services.

(4) The accounts of the Endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Endowment are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment and necessary to facilitate the audits shall be made available to the person or persons conducting the audits. The Endowment shall make available to such person or persons full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians.

(5)(A) The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Endowment are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment pertaining to its financial transactions and necessary to facilitate the audit. The Endowment shall make available to such representatives full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Endowment shall remain in the possession and custody of the Endowment.

(B) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform the Congress of the financial operations and condition of the Endowment, together with such recommendations with respect thereto as he may deem advisable. The report shall also identify any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made contrary to the requirements of this subtitle. A copy of each report shall be furnished to the President and to the Endowment at the time submitted to the Congress.

SEC. 219. EFFECTIVE DATE.

This subtitle shall take effect on October 1, 1992.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, the amendment that the distinguished Senator from Nebraska has offered is an amendment to the amendment that I offered today to provide for an exchange program with the former Soviet Union. This amendment is in response to the questions that were raised by colleagues on the other side and on this side. I have tried to respond to their requests. This amendment reduces the total amount of money available by half and reduces the program from a 5-year program to a 2-year program, as well as eliminates the section of the bill that allowed unused funds to be carried over into future years.

I would hope that this would answer the bulk of the questions that were raised by those who spoke this morning.

Mr. DOLE. Mr. President, let me indicate to the Senator from New Jersey and the Senator from Nebraska, I think they have responded to the question that I raised. I want to commend the Senator from New Jersey.

As I said at the time, this is an excellent idea. The question is how we are going to fund the program and about $1.2 billion? It now has been scaled down. I think it can still be very effective. I think it will send a notice that the Senator from New Jersey wishes to send, that we support these efforts for democracy. We understand the need for exchanges. And I certainly now support the amendment.

I thank the Senator from New Jersey and the Senator from Nebraska.

Mr. LUGAR. Mr. President, just to underline again what perhaps is apparent from the second-degree amendment, my understanding, and I ask the distinguished Senator from New Jersey, or from Nebraska, this question. It is essentially, are the funds that are suggested year by year reduced by 50 percent and the length of the program now 2 years as opposed to 5? Is that the gist of the amendment?.

Mr. BRADLEY. That is correct.

Mr. LUGAR. I thank the Senator.

Mr. President, I join the Republican leader in commending the distinguished Senator from New Jersey and Nebraska for working with many Senators in behalf of an amendment which I am prepared to support.

Mr. PELL. Mr. President, I think this concept is an excellent one. As I said earlier, the one problem was that it was generous. Now that the size is being reduced and it is within the ball park, I recommend we support it.

The PRESIDING OFFICER. Is there further debate?

The Senator from West Virginia.

Mr. BYRD. Mr. President, I commend the distinguished Senator from New Jersey likewise, but I personally am not ready to accept this amendment as now proposed. I have told the distinguished Senator from New Jersey that reducing the 5 years to 2 years helps, but that I can only support a 1-year provision. This is a 1993 bill. As I said earlier, under the budget agreement, there are no special fences, no categories beyond fiscal year 1993. This amendment would have the effect of fencing off a certain amount of the money that will otherwise be in one pot after fiscal year 1993 in accordance with the budget agreement of 1990.

So reducing it to 2 years does not eliminate my problem; moreover, I think that the money is too much. Where would the money—may I ask the distinguished Senator from New Jersey—from where would the money come? Would it come from foreign aid? Would it come from USIA? From where would it come?

Mr. BRADLEY. I answer the distinguished chairman of the Appropriations Committee that the money could come from any number of sources, any number of programs that could be cut to make funds available for this program. It could come from economic support funding, it could come from AID, it can come from the Export-Import Bank.

This is not an appropriation. It is only an authorization. Money could be spent in this area if the Appropriations Committee so desired.

Mr. BYRD. What happens to the language with respect to the availability of funds not expended?

Mr. BRADLEY. The language is my attempt to respond to the objections that were raised by the distinguished chairman of the Appropriations Committee. He raised several objections.

One was that the amount of money being spent was too great. So we reduced the amount of money by half.

The second was that it was a multiyear authorization. So we reduced the authorization from 5 years to 2 years.

And the third was that he did not want to have the funds authorized to remain available. That paragraph is stricken in this amendment.

Mr. BYRD. Is that paragraph stricken in the four or five instances in which it appears in the Senator's amendment?

Mr. BRADLEY. It is certainly my intention that it be stricken wherever it appeared in the amendment.

Mr. BYRD. Mr. President, my understanding is that we were trying to work out a compromise approach. I thought those efforts were still going on. Without any criticism of the distinguished Senator from Nebraska, or the distinguished Senator from New Jersey, an amendment has now been offered which closes out an amendment to the amendment. Therefore, if I had intended, as I might have, to offer an amendment to the amendment, that particular tree has now been closed. Not all other trees have been closed, however. But I thought we were trying to work out some kind of a compromise. Apparently now, that approach is closed for the moment at least.

I cannot go along with a 2-year authorization for the reasons I have already stated. It is a 1993 bill. Why don't we make the authorization for 1 year, and take it a year at a time?

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

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I note, I am not suggesting how anybody should vote but I like very much the idea of exchanging students back and forth. I just hope everybody will be realistic.

I know the distinguished chairman of the Appropriations Committee addressed himself to this but the foreign aid budget was cut by over $1 billion in this past year. The new one coming over from the House has I believe about $1 billion, or more than $1 billion, cut in it. The continuing resolution that I managed on the floor here this year on foreign aid was well over $1 billion in cuts. In the rescission bill there is over $100 million in cuts. We had about another $1 billion in cuts coming from foreign aid.

I say that as the one who has to handle that appropriation on the floor with the distinguished chairman. There is not an awful lot of money in it.

If we are going to talk about new programs, I think no matter how much we may support it, we should also look at where the money is coming from, because there will be dramatic cuts.

I mention that I think I received letters from virtually, almost every Member of the Senate asking for things that they want to add to the foreign operations bill when it comes up.

We are desperately trying to find out what more can be cut out of it, just to keep within the budget. So if we are going to add more, just understand now the full effort of the committee is going to have to find where we can make cuts. I just mention that.

Another new program, I like the idea for exchanging students back and forth. My State has been involved in our colleges, Middlebury, St. Michael's, and others with a lot of exchanges with different countries. Everybody I have ever talked with who have had such exchange programs believe it has been better, usually for both countries involved.

But there is not a lot of money. That is the only point I wanted to make, Mr. President.

Mr. BYRD. Mr. President, I thank the distinguished Senator for his observations.

May I ask the distinguished Senator from New Jersey, what would be the total amount of money? What would be the total amount of money authorized under the amendment by the Senator from New Jersey as amended by the Senator from Nebraska?

Mr. BRADLEY. The total amount of money would be authorized over a 2-year period, $231 million, $76 million the first year, and $152 million in the second year.

Mr. BYRD. That is a lot of money. I certainly have no problem with the concept. I think I have been supportive of the concept of exchange students over the years. But I cannot go along with that amount of money, nor can I go along with the 2-year proposition.

I was not kidding when I rose earlier to state my problems with the amendment. I apologize for opposing the amendment. I just happened to look at the amendment, went up to the desk, looked at it, and I immediately saw the problems that I have stated. I thought we were trying to work out some meeting of the minds, some compromise that would deal with the problems that I have on appropriations and in connection with the 1990 budget agreement.

I would still hope that Senators would be willing to try to work out something, because I simply cannot support the amendment as written, and I do not mean just by my vote. I will oppose having a 2-year authorization.

The Senate can work its will whenever it gets around to working its will. And if that is the way the Senate wants to go, why, that is the way the Senate will go.

But I urge the Senator to think again and see if he can live with a 1-year authorization and with a greater cut in the amount of funds authorized. Did my friend from the other side, Mr. LUGAR, say he is willing to accept the amendment at that price?

Mr. LUGAR. The Senator did hear that, on our side of the aisle, we are prepared to accept the size of the amendment. We anticipate, as the Senator pointed out, and as the distinguished Senator from Vermont pointed out, that this is going to have to compete—that is, this bill—with a good number of other objectives, and the Appropriations Committee, and for that matter, further work in the authorization committee, foreign relations or other scholarship programs.

In my initial remarks, I indicated reservations regarding that. But we believe the amendment is scaled down, at least in terms of dollars, and it is a reasonable amendment at this point. So we have endorsed that, Senator—Senator DOLE and I have.

Mr. BYRD. I heard Senator DOLE earlier talk about the constitutional amendment on the balanced budget. He indicated here that we are now up to the test already; am I hearing my friends on the other side of the aisle say that they will yield half a loaf in this instance, namely, that they are willing to settle for half a "test"; is that what they are saying?

Mr. LUGAR. If I may respond, Senator DOLE and others visited with the authors of the amendment on behalf of moving toward a balanced budget situation and fiscal responsibility. Clearly, on our side, we do not want to be outdone on that point.

I would say to the distinguished Senator, perhaps, if he is successful in negotiating another figure, we would commend that effort. We have attempted to work along with persons who have specific sums in this bill. I simply respond that we thought the cut of 50 percent was a reasonable effort, an important effort, and one at least which we feel perhaps our dialog helped to stimulate.

Mr. BYRD. A cut of 50 percent?

Mr. LUGAR. A substantial sum.

Mr. BYRD. Mr. President, my conscience does not work like that, may I say. I am willing to continue to try to work out a compromise. If Senators want to come back to 1 year and cut the amount more, then I will be willing to listen. But otherwise, I am not willing to go along with this 2-year business. I am surprised that the administration would be willing to do that.

Mr. BRADLEY addressed the Chair.

Mr. BYRD. Mr. President, I still have the floor.

I yield to the Senator from New Jersey without losing my right to the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. I say to the distinguished chairman of the Appropriations Committee that among the objections he raised, we have attempted, in our discussions with him and among staff, to address those objections in terms of reducing the overall amount by half, and reducing the number of years from 5 to 2, and striking the section to which he objected on the funds authorized remaining available until expended.

So that you understand the exact number difference, it is much more than half in terms of authorization. It was originally a 5-year authorization for a total of $1.6 billion. It is now a 2-year authorization for $231 million.

So we have come from $1.6 billion to $231 million, which is a sizable direction, a sizable distance already.

And the other point is that this does not fence off the money for 1994. There is no fence here. It simply authorizes appropriations, and all funds have to go through the distinguished chairman's Appropriations Committee, as he knows, and as I shared with him.

I would like to share with the Senate why I feel that the 2-year authorization is enormously important. We have major change in the former Soviet Union. Mr. Yeltsin was here just last week. I think he moved all of us with his intensity and commitment to democracy. And the one thing that he wants is support from the United States, not necessarily in terms of dollars, but in terms of democracy, and in terms of learning about a market economy.

Therefore, if we simply establish an exchange program for 1 year, then it is very dificult for him to get any kind of reassurance that we are going to be there the next year. All of us believe we will be. But I believe a 2-year authorization, at least, is enormously important in sending the message to him and to his opponents in Russia, that we stand with him and with the reforms.

So there is reason for this.

As the distinguished chairman of the Appropriations Committee knows, I respect him greatly, and I will do almost anything to attempt to get a program that would meet the objectives that I have stated. But I really think that unless it is 2 years, it is very difficult to send the right signal to the opponents of Boris Yeltsin in Russia.

Mr. BYRD. Mr. President, I am not willing to pay $160 million to send a signal. I am not willing to pay $160 million to send a message. I like Mr. Yeltsin, too, and I would like to see him succeed.

The distinguished Senator suggested $75 million the first year. That is more than half of what the entire worldwide exchange program is. That is $120 million. Now the Senator wants to add more than 50 percent on top of that, plus he wants to authorize, for a second year, $160 million, which is more than the entire current exchange program. He wants to add that for the second year.

Mr. President, I would rather send a different message. If the Senator wants to go 1 year, I think $75 million is too much.

Both the Senators, I thought, understood we were trying to work this out, trying to compromise something out. I did not rush to call up an amendment to close the tree, but that is what the Senators have done. That is their right; that is within their rights. But the amendment has not been adopted yet.

Mr. KERREY. Mr. President, will the distinguished President pro tempore yield?

Mr. BYRD. With the understanding I not lose my right to the floor.

Mr. KERREY. Is it correct, as author of the second-degree amendment, I could, by unanimous consent, withdraw that amendment to allow some working out of that?

The PRESIDING OFFICER. The Senator has the right to withdraw the amendment.

Mr. KERREY. It is my desire, both for purposes of advancing this bill and purposes of doing it correctly, that we attempt to work it out. It is my desire to put in place in this year a very aggressive exchange program, and I believe the funding, even at the reduced level, does indeed accomplish that objective. I, for one, am not as committed to the second year as a principle as I am to the idea of getting started and giving the President a considerable amount of authority, a much different kind of exchange program than we have had in the past.

I yield to my friend and colleague from New Jersey who is a principal sponsor of this amendment, but it is my desire to advance this bill, and a significant increase in funding, but to do so in a way that it does not have us grinding to a halt here this afternoon.

Mr. BYRD. Did the Senator withdraw the amendment?

Mr. KERREY. I did not withdraw my amendment at this stage, but I say to my friend from New Jersey that I would be prepared to do that in the event we are not able to work out some kind of agreement. It seems to me what we are hearing here is a good-faith offer to accept a very large amount in the first year and that the second year idea seems to me is not as important as getting a very substantial program started.

Mr. BRADLEY. Perhaps if we could establish a quorum we could have further discussion. It would be my hope we could resolve it sooner rather than later.

Mr. BYRD. Mr. President, I think the matter can be resolved. But I will not and cannot, nor do I intend to do so, agree to a second year authorization.

What that does, Mr. President, in the light of the 1990 budget summit agreement, which said that after fiscal year 1993, all of these categories are eliminated; there will be no categories, there will be no fences. There will not be a category set aside and fenced and protected for foreign operations. There will not be a category set aside and protected and fenced for military spending. It is all going to be one pot.

If we are going to include a second year, $160 million of that total pot would already be authorized for fiscal year 1994.

I think foreign operations has been a sacred cow all too long. I cannot very well explain to the people in West Virginia how we can protect $160 million here for this sacred cow. I am talking about foreign operations in general.

I am more concerned about the message we send to West Virginia and the other 49 States and the District of Columbia. I am more concerned with the kind of signal we are sending to the American people, the people who are footing the bill, who are paying the taxes, who have been footing the bill for foreign operations for all these years.

So, if my friends on the Republican side want to surrender they may, but not this Senator.

I yield to the Senator without losing my right to the floor.

Mr. KERREY. Mr. President, I believe what we are doing is having a discussion here in the open rather than perhaps a discussion we should have had earlier and resolved this. I wonder if the distinguished President pro tempore would accept the modification of this amendment which I believe I have the authority to do a modification that would strike the second year authorization?

Mr. BYRD. Mr. President, if I understand the distinguished Senator's proposal, it would be to provide an authorization of $75 million for the first year and it would strike the reference to a second year; am I correct?

Mr. KERREY. The Senator is correct.

Mr. BRADLEY. Will the chairman yield?

Mr. BYRD. Yes.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. It would be the intention of the Senator from Nebraska to strike it so it would be a 1-year authorization for $75 million. Everything else in the amendment, as I have described the modification, would remain. We would take out the extension that says funds that are not used would remain available and we would cut it back to 1 year. The $75 million would be cutting it in half and the rest of the amendment would remain intact in terms of its construction.

Mr. BYRD. That is perfectly agreeable with me.

I say facetiously to my friends on the other side of the aisle, Senator DOLE

and company, Pompey put Caesar's forces to rout but did not follow up on their advantage. They fell back and failed to clinch the victory. Caesar said to his men that night: "The victory today would have been on the enemies' side if they had had a general who knew how to gain it."

The proposition that has now been made would be satisfactory to me. We get rid of the 2-year authorization, and cut the amount to $75 million, which is not as much as I would like to cut, but as a general who at least knows when he is ahead, I am willing to accept that proposal.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I hope that the distinguished chairman, with this change in the amendment, will look favorably upon the appropriations process when we come to actually appropriating the money for the program.

Mr. BYRD. Mr. President, I have to look at the whole picture as the appropriations chairman, and I will have to see what else has to be addressed by way of needs. The distinguished Senator from Michigan is trying to address the needs of our own people as well as attempting to help the Russians, as I understand it. But he is thinking of our own people. So I have to look at the whole picture. I do not want to commit myself at this point, but I would certainly look on this proposal much more favorably than I would have looked upon the Senator's previous proposal.

Mr. BRADLEY. I thank the chairman.

Mr. KERREY. Mr. President, I modify my amendment in the manner described earlier striking the section.

The PRESIDING OFFICER. The Senator from Nebraska would be advised it is necessary to submit language to implement the modification.

AMENDMENT NO. 2647, AS MODIFIED

Mr. KERREY. Mr. President, I send the modification to the desk.

The PRESIDING OFFICER. The Senator from Nebraska sends the modification to the desk.

The second-degree amendment is so modified.

The amendment (No. 2697) was modified, as follows:

Strike all after the first word and insert the following:

II—FREEDOM EXCHANGE ACT

SUBTITLE A—IN GENERAL

SEC. 201. SHORT TITLE.

This title may be cited as the "Freedom Exchange Act".

SEC. 202. STATEMENT OF PURPOSE.

The purpose of this title is—

(1) to bring young people of the former Soviet Union and the Baltic states to the United States so that they might experience first-hand how a free market democracy functions;

(2) to assist the skill-building process necessary for both institution-building and nation-building; and

(3) to ease immigration restrictions to allow the freer flow of scientists and others from the former Soviet Union knowledgeable in the production of nuclear weapons.

SEC. 203. DEFINITIONS.

As used in this title—

(1) the term "Baltic states" means Latvia, Lithuania, and Estonia;

(2) the term "Endowment" means the corporation described in section 211(b)(2);

(3) the term "institution of higher education" has the same meaning as is given to such term by section 1201(a) of the Higher Education Act of 1965;

(4) the term "independent states of the former Soviet Union" includes the following states that formerly were part of the Soviet Union: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; and

(5) the term "secondary school" has the same meaning given to such term by section 1471(21) of the Elementary and Secondary Education Act of 1965.

SUBTITLE B—EDUCATIONAL EXCHANGE PROGRAM

SEC. 211. AUTHORITIES FOR AWARDING GRANTS.

(a) GENERAL AUTHORITY.—The President shall establish and carry out an exchange program in accordance with this subtitle. In carrying out such a program, the President shall award, on a competitive basis, grants to eligible organizations to enable such organizations to finance—

(1) the exchange of secondary school students in accordance with section 212;

(2) the exchange of college students in accordance with section 213;

(3) the exchange of graduate students in accordance with section 214;

(4) visits and interchanges of professors and educators in accordance with section 215; and

(5) internships in accordance with section 216.

(b) ELIGIBLE ORGANIZATIONS.—For the purpose of this subtitle, the term "eligible organization" means—

(1) during fiscal year 1993, any private nonprofit organization which has experience in exchange programs and demonstrates a capacity to carry out such programs in the independent states of the former Soviet Union or in the Baltic States; and

(2) during fiscal year 1994, a private, nonprofit corporation to be established which shall be designated by the President to carry out the educational exchange program assisted under this subtitle through the awarding of grants to private, nonprofit organizations described in paragraph (1), which corporation shall be known as the Educational Exchange Endowment (hereafter in this title referred to as the "Endowment").

(c) DURATION.—The President shall award grants under this section during the period beginning on October 1, 1992, and ending on September 30, 1993. It is the intention of Congress to continue this initiative in future years.

(d) ADMINISTRATIVE EXPENSES.—Each eligible organization receiving a grant under this subtitle may use not more than 10 percent of such grant for administrative expenses.

(e) APPLICATION.—(1) Each eligible organization seeking a grant under this section shall submit an application to the President at such time, in such manner, and accompanied by such information as the President may reasonably require.

(2) Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities for which assistance under this section is sought; and

(B) provide such additional assurances as the President determines to be essential to ensure compliance with the requirements of this section.

(f) MATCHING FUNDS.—The President is authorized to seek private funds to supplement or match public grants for the programs authorized by this title.

(g) ELIGIBILITY FOR GRANTS.—Grants may be made to eligible organizations only if such organizations agree to comply with the requirements specified in this subtitle.

(h) IMPLEMENTATION.—In carrying out this subtitle, the President shall—

(1) encourage colleges and universities receiving students to supplement public grants with their own resources, to the extent possible; and

(2) allow for a wide range of United States institutions to participate in programs under this subtitle.

(i) COMPLIANCE WITH BUDGET ACT.—The authority to make grants under this title shall be effective only to such extent or in such amount as are provided in appropriations Act.

SEC. 212. SECONDARY SCHOOL STUDENTS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(1) shall be used to finance—

(A) visits of short duration by eligible secondary students, to the United States, to any of the independent states of the former Soviet Union, or to any Baltic state, with priority accorded to visits that take place during fiscal year 1993; or

(B) studies, instruction, and other educational exchange activities in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, for eligible secondary school students.

(2) Of the amount of grants awarded under section 211(a)(1), not more than 35 percent in fiscal year 1993 and not more than 15 percent in fiscal year 1994 may be used for the purpose of paragraph (1)(A).

(b) CONDITIONS.—(1) The President may require that a portion of a grant awarded under section 211(a)(1) be used only for educational activities that are conditioned on the reciprocal exchange of American students.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(1) may be used to finance educational exchanges of American students under this section.

(3) No grant awarded under section 211(a)(1) may be used to reimburse any United States citizen for hosting an eligible secondary student.

(c) DEFINITION.—For purposes of this section, the term "eligible secondary school student" means a secondary school student from the United States, any of the independent states of the former Soviet Union, or any Baltic state who—

(1) is at least 15 years of age;

(2) is attending school at a grade level equivalent to any of the grade levels 10 through 12 in United States secondary schools or has just completed secondary school in any of the independent states of the former Soviet Union or any Baltic state; and

(3) has a minimum level of proficiency in English, as determined by testing.

(d) ADMINISTRATION.—To the maximum extent practicable, a grant under this section shall be used to support the activities described in subsection (a) for secondary school students of widely divergent backgrounds.

(e) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for

such purpose, there are authorized to be appropriated $32,500,000 for fiscal year 1993.

SEC. 213. COLLEGE STUDENTS.

(a) GRANT USES.—Grants awarded under section 211(a)(2) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible college students in institutions of higher education in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with special emphasis on—

(1) those students who are studying to become English teachers; and

(2) those students who are seeking to acquire knowledge or skills applicable to restructuring the economy or building democratic institutions.

(b) CONDITION.—The President may require that an eligible organization in order to receive a grant under section 211(a)(2), agree to use a portion of such grant for educational activities that are conditioned on the institution of higher education providing an eligible college student with some financial resources, either in the form of room and board or as a waiver of tuition.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(2) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible college student" means a student enrolled in four-year programs of study at a community college, college or university in the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any American-founded school in the former Soviet Union, and who—

(1) has completed at least one year of study and is not in the last year of such study; and

(2) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $27,000,000 for fiscal year 1993.

SEC. 214. GRADUATE STUDENTS.

(a) GRANTS USES.—Grants awarded under section 211(a)(3) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible graduate students in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with emphasis on those students who are seeking to acquire knowledge or skills applicable to restructuring an economy or building democratic institutions.

(b) CONDITION.—Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(3) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible graduate student" means a student from the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any student attending an American-founded university in the former Soviet Union, who—

(1) is enrolled in a graduate course of study at a college or university;

(2) has completed one year of such study; and

(3) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $4,250,000 for fiscal year 1993.

SEC. 215. "SISTER" UNIVERSITY PROGRAM

(a) GRANT USES.—(1) Grants awarded under section 211(a)(4) shall be used to finance visits and other interchanges between professors and educators of eligible paired institutions for the purpose of developing curriculum and otherwise strengthening ties between the independent states of the former Soviet Union and the Baltic states and the United States at the institutional level.

(2) Each grant awarded under this subsection shall be in the amount of $50,000.

(3) Each grant awarded under this subsection to eligible paired institutions may be disbursed during a period of two fiscal years.

(b) DEFINITION.—For purposes of this section, the term "eligible paired institutions" means—

(1) in fiscal year 1993, a pairing by the President, or

(2) in any of the fiscal years 1994 through 1997, a pairing by the Endowment,

of one United States institution of higher education with a college or university in any of the independent states of the former Soviet Union or any Baltic state wherever such pairing is likely to promote a continuing relationship between the institutions after the termination of assistance under this subtitle.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $7,500,000 for fiscal year 1993.

SEC. 216. LEADERSHIP BY EXAMPLE GROUPS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(5) shall provide eligible persons with internships in enterprises in the United States for durations of six months or less.

(2) Such program may be referred to as the "Leadership by Example Groups (LEGS) Program".

(3) A portion of each grant may be used to provide limited advanced English language training to interns before coming to the United States.

(4) As used in this subsection, the term "enterprises" includes, but is not limited to, enterprises in the fields of agricultural production, agri-business, telecommunications, finance, health care, natural resource management, environmental protection, and oil and mineral exploration and extraction.

(b) Condition.—(1) Each eligible organization receiving a grant under section 211(a)(5) awarding internships shall require that a small business or appropriate chamber of commerce provide a portion of the costs of the internships, such as the costs of medical and dental insurance or housing for internship recipients.

(c) DEFINITION.—For purposes of this section, the term "eligible person" means a national of any of the independent states of the former Soviet Union or any Baltic state who—

(1) is under 40 years of age; and

(2) has a minimum level of training in the English language.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the President $10,000,000 for fiscal year 1993.

(A) identifying specific needs for such advisory assistance; and

(B) bearing in-country living expenses of American governmental officials seconded to advise that government.

(2) The President may provide assistance to those independent states of the former Soviet Union which cannot meet their share of the cost of this program.

SEC. 218. ADMINISTRATIVE REQUIREMENTS FOR THE ENDOWMENT.

In order to receive assistance under this subtitle, the Education Exchange Endowment shall comply with the following requirements:

(1) The Endowment shall have the capacity to receive, accept, solicit, and collect private funds to supplement Government grants received under this subtitle and shall agree actively to seek such private funds.

(2)(A) Officers of the Endowment may not receive any salary or other compensation from any source, other than the Endowment, for services rendered during the period of their employment by the Endowment.

(B) If an individual who is an officer or employee of the United States Government serves as a member of the Board of Directors or as an officer or employee of the Endowment, that individual may not receive any compensation or travel expenses in connection with services performed for the Endowment.

(3)(A) The Endowment shall not issue any shares of stock or declare or pay any dividends.

(B) No part of the assets of the Endowment shall inure to the benefit of any officer or employee of the Endowment, or any other individual, except as salary or reasonable compensation for services.

(4) The accounts of the Endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Endowment are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment and necessary to facilitate the audits shall be made available to the person or persons conducting the audits. The Endowment shall make available to such person or persons full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians.

(5)(A) The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Endowment are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment pertaining to its financial transactions and necessary to facilitate the audit. The Endowment shall make available to such representatives full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Endowment shall remain in the possession and custody of the Endowment.

(B) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to

inform the Congress of the financial operations and condition of the Endowment, together with such recommendations with respect thereto as he may deem advisable. The report shall also identify any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made contrary to the requirements of this subtitle. A copy of each report shall be furnished to the President and to the Endowment at the time submitted to the Congress.

SEC. 219. EFFECTIVE DATE.

This subtitle shall take effect on October 1, 1992.

Mr. KERREY. I thank the Chair.

The PRESIDING OFFICER. Is there any further debate?

Mr. BYRD. Mr. President, I thank both Senators for their conclusions that they have made to a resolution of this immediate question.

The PRESIDING OFFICER. Does the Senator from West Virginia yield the floor?

Mr. BYRD. Yes.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I thank the distinguished chairman very much for his consideration. I think this is an important amendment. It would be an important program and I urge adoption of the amendment.

The PRESIDING OFFICER. Is there further debate? Is there objection to the second-degree amendment, as modified?

If not, the question is on agreeing to the second-degree amendment, as modified.

So the amendment (No. 2697), as modified, was agreed to.

The PRESIDING OFFICER. Is there objection to the amendment, as amended?

Without objection, the amendment, as amended, is agreed to.

So the amendment (No. 2681), as amended, was agreed to.

Mr. BRADLEY. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Mr. President, this will take a moment. I think the pending business is still the Riegle amendment; am I correct?

The PRESIDING OFFICER. The Senator is correct.

AMENDMENT NO. 2684, AS MODIFIED

Mr. RIEGLE. I think we have worked out language. While the Senator from West Virginia is on the floor, he expressed a concern about the precise manner in which any funding would be provided. We have worked with his people and the people from the Armed Services Committee and I have a modification.

I have a modification to my amendment that I think satisfies everyone who is a party at interest in this discussion. I will just read it. It is very short. Then I will send it to the desk.

It reads as follows:

At the end of the amendment, add the following: Funds appropriated to the Department of Defense before the date of the enactment of this Act and made available for transfer to the Department of Commerce and the Department of Labor to assist State and local governments significantly impacted by reductions in defense industry employment or reductions in the number of Department of Defense military and civilian personnel residing in such States and communities may be made available September 30, 1997 only to the extent provided in subsequent appropriations acts.

Mr. RIEGLE. My understanding is this not only satisfies the concern raised by the Senator from West Virginia, but also would satisfy any possible point of order and negate any possible point of order by the Budget Committee.

I now send this modification to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment as modified, is as follows:

At the end of the amendment add the following:

SEC. . AVAILABILITY OF ECONOMIC ADJUSTMENT ASSISTANCE.

Funds appropriated to the Department of Defense before the date of the enactment of this Act and made available for transfer to the Department of Commerce and the Department of Labor to assist State and local governments significantly impacted by reductions in defense industry employment or reductions in the number of Department of Defense military and civilian personnel residing in such States and communities may be made available until September 30, 1997 only to the extent provided in subsequent appropriations acts.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I beg the Senator's pardon. I was conversing with my friend from Wyoming.

Would the Senator read the modification once more?

Mr. RIEGLE. I would, if it were not at the desk.

I have a copy.

Mr. BYRD. If the modification then could be read.

Mr. RIEGLE. Let me read it.

It reads as follows:

At the end of the amendment, add the following: Funds appropriated to the Department of Defense before the date of the enactment of this Act and made available for transfer to the Department of Commerce and the Department of Labor to assist State and local governments significantly impacted by reductions in defense industry employment or reductions in the number of Department of Defense military and civilian personnel residing in such States and communities may be made available until September 30, 1997 only to the extent provided in subsequent appropriations acts.

Mr. BYRD. Mr. President, I thank the distinguished Senator. This is a modification that has been worked out between and among various staffs here, including the staff of the Senator from Michigan. I have agreed to the modification.

Mr. RIEGLE. I thank the chairman very much for his help and the help of his staff, as well.

Mr. BYRD. I thank the distinguished Senator.

The PRESIDING OFFICER. Is there further debate?

Mr. PELL. Mr. President, we agree with the amendment as modified, and recommend it be agreed to.

Mr. SIMPSON. Mr. President, on behalf of the manager on this side, Senator LUGAR, this is an acceptable amendment.

The PRESIDING OFFICER. Is there further debate.

If not, the question is on agreeing to the amendment, as modified.

The amendment (No. 2684), as modified, was agreed to.

AMENDMENT NO. 2683, AS AMENDED

Mr. RIEGLE. Mr. President, I now ask for the adoption of the underlying Dodd amendment, to which my amendment is attached.

The PRESIDING OFFICER. Is there further debate on the Dodd amendment, as amended?

If not, the question is on agreeing to the Dodd amendment, as amended.

The amendment (No. 2683), as amended, was agreed to.

Mr. RIEGLE. Mr. President, I move to reconsider the vote by which the amendment, as amended, was agreed to.

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

The motion to lay on the table was agreed to.

Mr. RIEGLE. Mr. President, let me briefly add one other word.

Mr. President, I was taking great account of what the Senator from West Virginia said about the difficulty of finding financing out of a common pot of money for a number of competing priorities.

This is a priority that addresses urgent human needs in this country, where we are having a major impact by the reductions in defense spending. I know the Senator has a concern about that, as all Senators do, and I hope that we will be able to, in the future, accommodate this need. I know it has to be weighed against all the others.

I appreciated the comment of the chairman of the Armed Services Committee, Senator NUNN, as to the importance of this issue and the fact that he intends to deal with it in a bill that they will be bringing forward.

But I again thank the Senator from West Virginia and ask that he give full consideration to this at the appropriate time.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I have an amendment which I send to the desk.

AMENDMENT NO. 2698

(Purpose: To establish American Agribusiness Centers in the independent states of the former Soviet Union and Baltic States, expand two-way exchanges among agribusiness practitioners, and for other purposes)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself and Mr. KASTEN, proposes an amendment numbered 2698.

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

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

The amendment is as follows:

On page 52, after line 13, add the following:

TITLE II—AMERICAN AGRIBUSINESS CENTERS AND PRACTITIONERS EXCHANGE ACT OF 1992

SEC. 201. SHORT TITLE.

This title may be cited as the "American Agribusiness Centers and Practitioners Exchange Act of 1992".

SEC. 202. FINDINGS; POLICY.

The Congress finds that—

(1) the transition from a command and control system in agriculture to a market system is critical to the success of the economic reforms in the independent states of the former Soviet Union and Baltic states;

(2) the command-driven agricultural system of the independent states of the former Soviet Union and Baltic states is in the process of including market incentives;

(3) it is in the interest of the United States to assist in the establishment of a free market agriculture system as well as improve the agriculture and food production, processing, storage and distribution systems in the independent states of the former Soviet Union and Baltic states;

(4) it is in the interest of the United States to help provide new market opportunities for United States agribusiness in the independent states of the former Soviet Union and Baltic states as well as increase United States exports in agricultural inputs, equipment, management systems and technology to those countries;

(5) American Agribusiness Centers and "hands on" experiences through expanded two-way exchanges will transfer the entrepreneurial attitudes as well as knowledge, skills and experiences of American farmers and agribusiness practitioners to their counterparts in the independent states of the former Soviet Union and Baltic states; and

(6) agribusiness practitioners from the independent states of the former Soviet Union and Baltic states will increase their understanding of the technologies, risks, and rewards of free market farming and agribusiness through "hands on" experience through expanded two-way exchange programs.

SEC. 203. STATEMENT OF PURPOSE.

The purpose of this title is to facilitate the establishment of—

(1) not less than three new American Agribusiness Centers during fiscal year 1993 and not less than four new American Agribusiness Centers during fiscal year 1994 in the independent states of the former Soviet Union and Baltic states;

(2) not less than three regional American Agribusiness Exchange Centers during fiscal year 1993 and not more than two regional American Agribusiness Exchange Centers during fiscal year 1994 at State Universities and Land Grant Colleges in the United States; and

(3) an expanded two-way exchange program of agribusiness practitioners not to exceed more than two thousand participants during fiscal year 1993, six thousand participants during fiscal year 1994 and ten thousand participants in 1995 and not less than one quarter of the maximum number of participants authorized in each fiscal year.

SEC. 204. AMERICAN AGRIBUSINESS CENTERS ABROAD.

(a) IN GENERAL.—The President is authorized to fund established American Agribusiness Centers in the independent states of the former Soviet Union and Baltic states.

(b) IMPLEMENTATION.—To the maximum extent possible, the President shall provide for—

(1) not less than three new American Agribusiness Centers during fiscal year 1993 and not less than four new American Agribusiness Centers during fiscal year 1994 which have joint ventures in the independent states of the former Soviet Union and Baltic states;

(2) priority funding to be given to—

(A) centers with experience in operating such a joint venture Agribusiness Center in the former Soviet Union;

(B) centers which include the participation of private United States agribusiness or agricultural cooperatives, state universities and land grant colleges, and banks making appropriate contributions of equipment, materials and personnel for the operation of such centers;

(C) centers which have joint ventures in which host countries make appropriate contributions of transportation, personnel, construction and use of land; and

(D) centers which utilize United States agricultural equipment;

(3) joint ventures between American Agribusiness Centers and host entities to be established in various independent states of the former Soviet Union and Baltic states;

(4) centers to enhance the ability of agribusiness practitioners in the independent states of the former Soviet Union and Baltic states to better meet the needs of their people and make the transition from a command and control system in agriculture to a free market system such as through—

(A) training programs;

(B) education programs such as, but not exclusively, market economics, concepts in private property, marketing, agribusiness practices, credit and finance;

(C) technical assistance to increase the efficiency of the agricultural production, processing, storage and distribution systems; and

(D) participation in exchange programs; and

(5) in the establishment of any new American Agribusiness Center, preference in funding to any such entity with experience in operating such a joint venture Agribusiness Center in the former Soviet Union if such entity includes the participation of private United States agribusiness and State university or land grant colleges.

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise made available for such purpose, there are authorized to be appropriated $12,000,000 in fiscal year 1993 to carry out this section. Such funds are authorized to remain available until expended.

SEC. 205. AMERICAN AGRIBUSINESS EXCHANGE CENTERS IN THE UNITED STATES.

(a) IN GENERAL.—The President is authorized and encouraged to establish five regional Agribusiness Centers at State universities and land grant colleges in the United States for the purpose of expanding two-way exchange programs among agribusiness practitioners.

(b) IMPLEMENTATION.—To the maximum extent possible, the President should direct—

(1) that such Centers act in consultation and coordination with such an agency as he may designate, to establish criteria for the selection of participants in the exchange program;

(2) that in establishing criteria for the selection of participants in the exchange program preference be given to agribusiness practitioners from the independent states of the former Soviet Union and the Baltic states who have participated in the program established pursuant to section 204 of this Act;

(3) that such Centers be responsible for recruitment of American exchange participants, United States host communities, families and agribusinesses;

(4) that such Centers ensure that American participants reflect a broad range of agricultural regions and agribusiness activities;

(5) that such Centers coordinate their activities with existing national and state-level farm and commodity groups, other State universities and land grant colleges, State and Federal agencies, and representatives of local communities;

(6) that such Centers be located in States or areas where family farmers and owner-operator agricultural production units are the primary structure of farming and where agricultural input and marketing cooperatives are well established;

(7) that such Centers be located in State universities and land grant colleges that have established strong research, instruction, and public service programs in areas of international development (particularly development directed at the independent states of the former Soviet Union and Baltic states), land tenure resolution (including privatization), and cooperative development and management;

(8) that such Centers encourage private United States agribusinesses, foundations, private organizations as well as State universities and land grant colleges to make appropriate contributions of space, materials and personnel for the establishment and operation of such Centers; and

(9) such Centers enhance the ability of agribusiness practitioners from the independent states of the former Soviet Union and Baltic states to better meet the needs of their people and make the transition from a command and control system in agriculture to a free market system such as through—

(A) training programs;

(B) education programs such as, but not exclusively, market economics, concepts in private property, marketing, agribusiness practices; and

(C) internships.

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise made available for such purpose, there are authorized to be appropriated $10,000,000 in fiscal year 1993 to carry out this section. Such funds are authorized to remain available until expended.

SEC. 206. DEFINITIONS.

As used in this Act—

(1) the term "Baltic states" means Latvia, Lithuania, and Estonia;

(2) the term "independent states of the former Soviet Union" means Armenia, Azerbaijan, Byelarus, Georgia, Kazakhstan, Kyrgystan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; and

(3) the term "agribusiness practitioner" means farmers, agricultural specialists, suppliers, processors, marketers, handlers, transporters, processors, and others engaged in the various facets of agribusiness.

Mr. HARKIN. Mr. President, first of all, I send this amendment to the desk on behalf of Senator KASTEN and myself.

Mr. President, I understand that the amendment has been cleared on both sides, and I am most appreciative to the managers of the bill and their staffs for taking a look at it and helping us work out the details in accepting this amendment.

Mr. President, I fully agree with remarks made earlier by my colleagues about the critical importance of this legislation in assisting and promoting peaceful economic and political transition—really a revolution—taking place in the former Soviet Union. It is imperative that this progress not falter or stall.

One of the most critical needs for reform is in the food and agricultural sectors of the economies of the former Soviet Republics and the Baltic States. Problems of waste and inefficiency begin with low farm yields and productivity through waste and inefficiency caused by a poorly developed storage transportation processing and marketing system. I believe that the ultimate success of all political and economic reforms in the former Soviet Union hinges on rapid reforms in the food and agricultural systems of these Republics.

Five weeks ago, I traveled to Russia, where I met extensively with agricultural officials. I talked with ordinary Russian people on farms and in the marketplaces, and visited a former state farm making the transition to the new market-oriented system.

One thing that struck me the most is just how fortunate we are to have such an efficient and productive agricultural system in our country—and how much we take it for granted. The tremendous progress and achievements in so many fields that have marked the history of the United States have been greatly facilitated by the stability and security made possible by our agricultural abundance.

That kind of stability and security is virtually nonexistent in the food and agriculture sector in the former Soviet Republics. Clearly, the serious concerns among the populations of Russia and other Republics about food shortages, unaffordable food prices and poor quality of food imperils the progress toward democracy and a market system.

A breakdown in the food and agricultural system would provide an opening for exploitation by reactionary elements.

The system I saw in Russia stands in sharp contrast to the agriculture I know in my State of Iowa or in Senator KASTEN'S State of Wisconsin. The overriding problem in Russia is that the old Soviet system was broken from its inception. Now the people of the former Soviet Republics have to put together a new system with little understanding of the most fundamental principles of a market-oriented system. The food and agriculture sector in Russia and the other Republics has a number of needs—but without basic and radical reform of the system itself no amount of resources will cure the problems. In other words, Mr. President, we can pour in all the technology, credits, seed, equipment, and still it will do no good without a reform of the system itself.

From my visit I know that the Russian people have a real hunger to learn from Americans about how to build a market economy in agriculture. But at this point, they have only a hazy idea of the goals for reform of their food and agriculture system—and have even less knowledge about the specific steps needed to achieve reform. However, it is clear they have a strong desire to emulate our system.

There is a long tradition in my State of Iowa and Wisconsin of helping people in other countries solve problems in their food and agriculture sectors. The amendment I am offering today builds on the efforts begun by Iowans to help bring about the fundamental reforms that are so critically needed in the food and agriculture systems in the former Soviet Republics.

Mr. President, apart from the humanitarian motivation for helping the former Soviet Republics reform their agricultural system, it is in our best interest. Helping the Republics in agricultural reform provides tremendous opportunities to develop relationships that will expand trade opportunities for our country in the whole range of agricultural products, technology, genetics, services, and other things.

The amendment I am offering with Senator KASTEN to the Freedom Support Act has two parts. First, it would authorize the President to fund established American agribusiness centers and provide for seven new agribusiness joint ventures over the next 2 years.

One thing I heard about time and time again when I was in Russia, Mr. President, was their desire to form these types of joint ventures with Americans.

The second part of the bill will establish five regional agribusiness exchange centers at state universities and land grant colleges in the United States—for the purpose of expanding two-way exchange programs among farmers and agribusiness practitioners.

Let me just briefly describe the United States/Iowa agribusiness centers in Russia and Ukraine that have served as a model for this amendment.

Those American agribusiness centers in the former Soviet Union are exactly the type of joint projects our Government should be promoting. The U.S. private sector, private foundations, State universities and the host governments worked together and contributed their fare share to make the projects possible.

I especially want to recognize the efforts of John Chrystal from Coon Rapids, IA, who is working in cooperation with Iowa State University to lead this effort.

The United States/Iowa agribusiness centers in Russia and Ukraine established two working farms to train over 2,000 local farmers in United States agricultural practices in the first year. If you train people using U.S. equipment, products, and technology, eventually they will do business with us in the future.

The agribusiness centers are providing new market opportunities for U.S. agribusiness, will generate U.S. exports over the next few years and create more jobs here at home. That is good domestic policy.

But the centers are also good foreign policy. The agribusiness centers will help Russia and Ukraine improve their agriculture and food processing systems to better feed their people. That is extremely important to the future of democracy in the former Soviet Union.

If the Russian people are to believe in democracy, they must also be confident that democracy will give them food on their table. The joint ventures and American agribusiness centers will help do that.

Mr. President, I spoke at length about the United States/Iowa agribusiness centers in Russia and Ukraine only as an example of the type of project the amendment envisions and because I am most familiar with the benefits it provides.

Mr. President, the second part of this amendment establishes five regional agribusiness exchange centers in the United States to coordinate an ambitious exchange program between American farmers, agribusiness practitioners, and their counterparts in the former Soviet Union.

The centers will coordinate the exchange program by recruiting U.S. host communities, families, and agribusinesses from a broad range of agricultural regions and agribusiness activities. The amendment envisions that the 5 regional exchange centers will allow for 2,000 farmers—1,000 from each country—to participate in the exchange program during the first year. That number would increase to 6,000 farmers in the second year and 10,000 farmers in the third year. The exchange program will help transfer the entrepreneurial attitudes, skills, experiences, and values of American farm-

ers to their counterparts in Russia and the other Republics. That will increase their understanding of the risks and rewards of free market farming.

Mr. President, I am pleased to have Senator KASTEN as a cosponsor of this amendment.

I thank the managers of the bill for accepting the amendment. It will help further our foreign policy goals, assist the economic reform process in Russia and the other Republics, and benefit our country through increased trade.

Mr. KASTEN. Mr. President, I rise in strong support of the agribusiness amendment offered by Senator HARKIN and myself.

This amendment helps provide new market opportunities for United States agribusiness in the newly independent states of the former Soviet Union and Baltic States as well as increase United States exports in agricultural inputs, equipment, management systems, and technology to those countries.

American agribusiness exchange centers in the United States are important for expanding two-way exchange programs among agribusiness practitioners. This amendment ensures that these new centers are located in States or areas where family farmers and owner-operator agricultural production units are the primary structure of farming and where agricultural input and marketing cooperatives are well-established.

The University of Wisconsin-Madison has established strong research instruction and public service programs in areas of international development. They have hands-on experience with cooperative development and management, especially development directed at the newly independent states of the former Soviet Union and Baltic States. The University of Wisconsin-Madison is a perfect example of a United States land grant university working toward the success of economic reform in the newly independent States.

American agribusiness centers will transfer the entrepreneurial attitudes as well as knowledge, skills and experiences of American farmers and agribusiness practitioners to their counterparts in the newly independent states of the former Soviet Union and Baltic States.

Mr. President, helping our neighbors abroad with new market and free market agriculture opportunities is the American way.

Mr. HARKIN. Mr. President, I again thank the managers of the bill for accepting the amendment. It will help further our foreign policy goals, assist the economic reform process in Russia and the other Republics, and benefit our country through increased trade.

The PRESIDING OFFICER. Is there further debate? The Senator from Indiana.

Mr. LUGAR. We are prepared to accept the amendment of the distinguished Senator from Iowa.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I accept the amendment on behalf of the Democratic majority.

The PRESIDING OFFICER. Is there further debate? If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2698) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Wyoming.

AMENDMENT NO. 2699

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Wyoming [Mr. SIMPSON] proposes an amendment numbered 2699.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert: "It is the Sense of Congress that the President should take those actions necessary to minimize disruption to the international market in the event of sales from the independent states of the former Soviet Union of defense-related commercial grade uranium."

Mr. SIMPSON. Mr. President, this amendment would encourage the President, under this act, to ensure that the potential commercialization of defense-related commercial grade uranium be carried out in a manner that minimizes disruption to the international market.

This is important because six of the Republics have engaged in commercial trade of uranium which on May 29, 1992 was found by the U.S. Department of Commerce to be "dumped" using the term of U.S. trade law, in the U.S. market. This amendment will convey the message that such sales should be conducted in a manner consistent with U.S. trade laws and internationally accepted practices of free and fair trade.

I requested a General Accounting Office report, which documents the unprecedented increase of uranium imports from the independent states of the former Soviet Union and the potential impact on the domestic industry of huge Government inventories.

But, I would first like to provide some historical perspective on this subject. Uranium is a fuel which is abundant in the United States but why is uranium an important fuel for this country—because it is so efficient.

The energy of a finished uranium fuel pellet the size of a pencil eraser is equivalent to the energy contained in 1,780 pounds of coal, 149 gallons of oil, or 157 gallons of regular gasoline.

The United States used to be the major producer of uranium in the world, and Wyoming still produces uranium to fuel electricity generating reactors. At its height of production in 1980, Wyoming produced 12 million pounds of Uranium—the energy equivalent of 14,772 million gallons of oil. That has dropped precipitously to a low of 1.4 million pounds in 1990. Of course, unemployment showed a corresponding drop. In 1980, the U.S. uranium mining industry employed 20,000 people. Now only about 1,300 people are employed—300 in Wyoming.

There are several reasons for this disastrous situation. Although increasing competition from other uranium producing countries with higher grade deposits is partly the reason—and there is nothing wrong with free market competition—the primary reason during the decade of the 1980's was a condition of world oversupply.

The glut of uranium resulted when projections of high electricity demand turned out to be too optimistic. Uranium producers worldwide established production rates to meet the projected increases in demand which ultimately did not materialize.

United States uranium production in 1990 was 5.9 million pounds, not including byproduct production. The difference between U.S. consumption—37 million pounds—and U.S. production has been met through uranium imports and inventory drawdown.

Uranium imports historically have come predominantly from Canada and Australia. However, imports from the independent states of the former Soviet Union have increased dramatically over the last 3 years.

To put this in perspective, Soviet uranium imports in 1989 were 1.5 million pounds, and increased by over 300 percent to 6.5 million pounds in 1990. In 1991 imports totaled 12.7 million pounds—double what they were in the previous year.

Since 1980, uranium spot market prices have fallen from approximately $40 per pound to approximately $7.85 per pound. This is below virtually every producer's cost in the world.

During 1980, approximately $125 million was spent in local economies on the exploration and development drilling of new U.S. uranium resources. Only $9 million was spent on such activities in 1990.

A total of 26 uranium mills and 350 uranium mines have closed around the country since the peak in production of the early 1980's. Today, only a few uranium mines are operating and no uranium mills are operating.

In 1990, domestic production supplied 20 percent of U.S. consumption, the balance of demand was met by imports and inventories of uranium.

By 1995, estimates show that U.S. uranium production will only be 10 percent or less of U.S. demand to fuel rectors.

This country's reactors have become dependent on imports of uranium. This is at a time when 21 percent of the electricity produced, is generated by nuclear energy.

Earlier projections showing that worldwide supply and demand would come into balance by 1995 could not possibly take into account inventories of uranium in what was the Soviet Union—we just didn't know. As that inventory began to be sold on the international market, the spot market price for uranium and enrichment began to drop.

Because of their extreme need for hard currency, the Soviet Union began to sell millions of pounds of uranium into an already depressed market. This situation became so severe that ultimately the U.S. uranium industry, having exhausted all other avenues, filed an antidumping petition.

I have been very concerned with the former Soviet Union's sale of uranium products on the United States market at prices far below United States uranium production costs.

I am aware of the devastating effect this has had on the Wyoming uranium industry. Naturally, we don't mind competition—when it is fair. But it is hard to believe these sales have been fair—they have been selling uranium at prices well below the production costs of any producer in the world.

On November 8, 1991, the Uranium Producers of America [UPA] and the Oil, Chemical, and Atomic Workers Union, (which represents the workers in Government and private uranium processing facilities), filed an antidumping petition with the United States Department of Commerce and the United States International Trade Commission [ITC] seeking relief from unfair trade practices by the Soviet Union and each individual Republic.

On December 18, the United States International Trade Commission [ITC], in a preliminary decision, voted 3–0 that there was a reasonable indication that the domestic uranium industry was materially injured by reason of imports from the Soviet Union.

On May 29, the United States Department of Commerce ruled in a preliminary finding that 6 of 12 Republics of the former Soviet Union have been dumping uranium in the United States market.

The initiation of a dumping investigation usually results in decreasing imports. However, when importers increased uranium imports after the petition was filed, the Commerce Department also found critical circumstances indicating that massive dumping had occurred.

Historically, a positive preliminary finding usually leads to a positive final determination which leads to imposition of tariffs within 7 days. The tariff is based on the dumping margin which in this case was determined to be 115.82 percent—more than twice the price the dumped uranium had been selling for. I have learned that the typical dumping margin is around 30 percent, so this margin is astronomical.

If Commerce and the ITC make final affirmative determinations, Commerce must publish an antidumping duty order such that importers must post cash deposits, not merely bonds, which reflect the Commerce Department's final margin of dumping.

The possibility of a negotiated settlement exists under United States trade law. If this is accomplished, then the United States will not impose duties on imports of uranium from the Republics which were found to be dumping.

There seems to be no question that dumping—sales below production costs—is occurring resulting in injury to the domestic uranium mining industry and the DOE enrichment enterprise.

I believe that the United States should be extending a helping hand to these fledgling economies. But, should this be done at the expense of our own industry when all our industry seeks is to complete in a free market? No.

This United States Department of Commerce finding should send a clear signal that trade should be free and fair and therefore should reflect the true cost of production including environmental compliance costs.

I have seen estimates which indicate that the cost of environmental remediation in the Republics may be as high as $20 per pound—remediation costs that every Western world producer has already included in their costs of production.

Incidentally, due to depressed market conditions and the resulting shakedown in the production industry, the only uranium producers left in the United States are the most efficient producers. And they can compete favorably on a level playing field—where true cost of production drives who completes in an open market.

While I certainly share the administration's desire for market reforms and expanded trade relationships with the independent states of the former Soviet Union, I also strongly believe that such trade must be free and fair trade.

Expansion of trade with the independent states of the former Soviet Union must not come at the expense of the domestic uranium industry, the U.S. enrichment enterprise and other industries, and the livelihood of workers employed in these industries.

While we consider aid for the former Soviet Union, I urge this body to support the careful evaluation of uranium trade practices from these Republics, including natural uranium hexafluoride, low-enriched uranium, and even defense-related, high-enriched uranium.

Now the industry is faced with the unprecedented volume of Government inventory of high-enriched uranium contained in nuclear weapons.

Of course, these weapons should be dismantled. We are witnessing a unique and historical opportunity to make the world safe from nuclear war and nuclear proliferation.

However, I am concerned that if high-enriched uranium—which is not usable in commercial reactors—is blended down to commercial grade fuel, then the world market will once again be flooded—this time by Government stocks.

I would urge that any potential commercialization of these Government inventories be done in a responsible market manner consistent with international and U.S. trade law and practice.

That is why I would like to introduce a very simple amendment to S. 2532 which will only make clear existing committee report language. On page 36, line 5 of the bill, my amendment will add a phrase to implement the intent of committee report language, found on page 15 of the report, which seeks to prevent the dumping of commercial grade uranium in the international market.

Since this is a clarifying amendment, I urge my colleagues' support.

I would like to thank the managers of the bill, and their fine staff for their consideration of my amendment.

I ask unanimous consent that the GAO report and two pages of U.S. Customs data on imports from the independent states of the former Soviet Union be printed in the RECORD.

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

[U.S. General Accounting Office Report to the Ranking Minority Member, Subcommittee on Nuclear Regulation, Committee on Environment and Public Works, U.S. Senate, June 1992]

URANIUM ENRICHMENT: UNRESOLVED TRADE ISSUES LEAVE UNCERTAIN FUTURE FOR U.S. URANIUM INDUSTRY

U.S. GENERAL ACCOUNTING OFFICE,
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION,
Washington, DC, June 19, 1992.

B–237747.

Hon. ALAN K. SIMPSON,
Ranking Minority Member, Subcommittee on Nuclear Regulation, Committee on Environment and Public Works, U.S. Senate.

DEAR SENATOR SIMPSON: In 1991, total imports of Soviet-produced natural and enriched uranium[1] into the United States were 17 times greater than they were in 1986. De-

[1] Uranium enrichment is the process that separates natural uranium into two components, one containing a higher content of fissionable material. DOE's uranium enrichment plants are the only facilities that provide enrichment services in the United States. Private nuclear fuel cycle companies called fabricators convert enriched uranium into fuel for nuclear reactors.

partment of Energy (DOE) uranium enrichment officials and U.S. miners have viewed these imports as a threat to the domestic uranium market, and in November 1991, the miners filed an antidumping petition against Soviet importers.

In accordance with you request and later discussions with your staff, this report discusses (1) the increasing amount of natural and enriched uranium imported into the United States from the Soviet Union; (2) the ongoing antidumping case initiated by U.S. uranium miners; (3) other factors that will play a large role in determining the future of the domestic uranium market, namely, the breakup of the Soviet Union and the commercial use of highly enriched uranium (HEU)[2] originally produced for nuclear weapons; and (4) DOE's uranium inventories. Detailed responses to your questions on Soviet uranium production methods and costs and DOE's uranium inventories are contained in appendixes III and IV, respectively.

Throughout this report, we refer to the Soviet Union when we describe that nation's activities that took place before December 1991, and the Commonwealth of Independent States (CIS) or former Soviet republics when we talk about events that took place after December 1991.

RESULTS IN BRIEF

U.S. imports of Soviet natural enriched uranium totaled over 6.7 million pounds[3] in 1991—about 17 times more than they were in 1986. These imports now represent about 17 percent of the annual U.S. nuclear requirements; but the majority of the U.S. imports of foreign uranium continue to come from other countries such as Canada and Australia.

Domestic uranium miners, claiming that they have been injured by the sale of Soviet uranium and related enrichment services at less than their fair market value, filed an antidumping petition with the International Trade Commission (ITC) and the Department of Commerce's International Trade Administration (ITA) in November 1991. DOE, while not a formal petitioner, testified at an ITC public hearing that its enrichment business has been injured by low Soviet enrichment prices and provided requested information to both agencies. If ITC determines that the domestic market is being materially injured by Soviet/CIS imports, ITA will decide on import duties later this year.

The breakup of the Soviet Union and the potential commercial sale of HEU are also creating an uncertain uranium market. The breakup of the Soviet Union in late 1991 raises questions about how future uranium trading will be conducted. Uranium brokers and traders told us that it may take years before the new republics define new uranium trading policies. The breakup of the Soviet Union has also led to the possibility that large amounts of HEU originally produced for nuclear weapons will be processed for commercial use. A high-level DOE task force concluded in July 1991 that HEU removed from U.S. nuclear weapons as a result of initial arms reduction steps should not enter the commercial market. Since then, however, additional U.S. weapons cutbacks and Soviet initiatives to sell excess HEU to the United States have increased the possibility that some HEU will eventually be converted to commercial fuel. However, no decisions that could lead to the commercial sale of converted HEU have been made.

Because of its large uranium inventories, DOE does not intend to purchase any natural uranium in the foreseeable future. Furthermore, DOE officials expect to overfeed[4] the enrichment plants with some of the natural uranium that was set aside in 1985 for defense purposes. DOE officials say that DOE no longer needs this stockpile because it is no longer producing HEU for defense purposes.

BACKGROUND

The U.S. uranium mining industry and DOE's uranium enrichment program have operated under a series of changing market conditions. In the early 1970s, the U.S. mining industry provided most of the natural uranium needed by the domestic nuclear power industry, while DOE and its predecessor agencies provided almost all enrichment services to western nations' nuclear utilities. Currently, however, the mining industry and DOE are struggling to compete against foreign competitors. (For a more detailed background discussion of the U.S. uranium industry, see app. II.)

In the late 1940s, the Soviet Union began enriching uranium for nuclear weapons. By the mid-1970s, V/O Techsnabexport (TENEX), the marketing arm of the Soviet Ministry of Atomic Power and Industry, had signed contracts with firms in almost all west European countries. According to market experts, by the 1980s, the Soviet Union had established a reputation as a dependable supplier of enrichment services in Europe.

In 1991, TENEX signed a contract with CONCORD—a collection of U.S.-based companies including NUEXCO, a large uranium trading and market information company—to create a joint venture called Global Nuclear Services and Supply Ltd. (GNSS) to market Soviet enriched and natural uranium. Since the joint venture was formed, available information indicates that all U.S. imports of Soviet natural and enriched uranium have been arranged and managed by GNSS.

U.S. IMPORTS OF SOVIET URANIUM HAVE INCREASED DRAMATICALLY SINCE 1986

According to import data compiled by DOE's Energy Information Administration (EIA), very little Soviet uranium entered this country for domestic end use before 1986. Most of the Soviet uranium that entered the country during this time (over 94 percent) was fabricated into nuclear fuel at a U.S. plant and reexported for use overseas.

According to DOE officials and other market experts, the Soviets began penetrating the U.S. enriched uranium market in about 1986 by selling enrichment services for as low as $50 to $55 per separate work unit (SWU)[5]—about one-half of DOE's contract price at the time. For the years 1986 through 1989, Soviet imports were relatively small (about 3.5 million pounds), and all were in the form of enriched uranium. However, DOE uranium enrichment officials say that these data do not reflect the true impact of increased Soviet enriched uranium sales at that time because they do not capture the effect of numerous exchange transactions. DOE uranium enrichment officials believe that Soviet enriched uranium was often shipped to European suppliers, who then shipped European-produced enriched uranium to the United States. These "swaps" took place, according to DOE, because U.S. utilities or their brokers did not want to be criticized for directly purchasing uranium from the Soviets during the Cold War.[6]

Beginning in the late 1980s, a number of circumstances led the Soviets to try to increase their uranium exports. After the Soviets ceased producing HEU for military purposes in 1987 and the Soviet commercial nuclear power program declined following the 1986 Chernobyl accident, available enrichment capacity increased, and large uranium inventories originally dedicated to the Soviet weapons program became available for sale. Additionally, according to DOE officials, worsening Soviet economic problems led to an increased emphasis on exporting uranium and related enrichment services—one of the few commodities the Soviets could readily export for hard currency.

U.S. imports of Soviet uranium jumped significantly from 1989 to 1990. According to data compiled by EIA, imports of Soviet uranium increased from about 1.5 million pounds in 1989 to over 6.5 million pounds in 1990—an increase of over 300 percent. Another 6.8 million pounds of Soviet uranium came into the country in 1991. From 1986 to 1991, annual imports of uranium from the Soviet Union increased by a factor of 17, or over 1,600 percent. A portion of these imports continued to be reexported after fabrication or other processing. According to EIA reports, about 10 percent of all uranium imported into the United States from 1986 to 1991 from the former Soviet Union has been reexported after being fabricated into nuclear fuel at a U.S. plant. Table 1 shows total annual Soviet uranium imports into the United States from 1986 through 1992.

TABLE 1.—SOVIET IMPORTS INTO THE UNITED STATES, 1986–91

[Pounds of U_3O_8 equivalent in thousands]

	Natural	Enriched	Total	Reexported
Year:				
1986	0	385.7	385.7	158.4
1987	0	999.1	999.1	428.9
1988	0	626.7	626.7	354.2
1989	0	1,498.1	1,498.1	109.0
1990	3,331.0	3,172.4	6,503.4	453.9
1991	5,918.5	842.1	6,760.6	149.7
1992[1]	2,590.4	802.3	3,392.7	0
Total	11,839.9	8,326.4	20,166.3	1,654.1

[1] 1992 data for January and February only. There were no reexports of Soviet-origin uranium in the first 2 months of 1992.

Source: EIA

Between 1986 and 1989, only enriched uranium was imported from the Soviet Union. In 1990, about 51 percent of the Soviet imports were composed of natural uranium; and by 1991, natural uranium made up about 88 percent of total Soviet uranium imports. We could not determined exactly why this shift from enriched to natural uranium occurred,

[2] HEU generally contains over 90 percent fissionable material, while the enriched uranium used in commercial reactors contains between 2 and 5 percent. HEU is used in nuclear weapons and fuels U.S. Navy nuclear reactors.

[3] Uranium can be imported in several different forms. When describing aggregate uranium imports, it is necessary to convert the various kinds of imports to a common weight factor. Because uranium oxide (U_3O_8), or yellowcake, is a common form of natural uranium, aggregate uranium statistics are often expressed in terms of U_3O_8 equivalent weight. Unless otherwise noted, uranium statistics in this report are expressed in terms of U_3O_8 equivalent weight.

[4] Overfeeding refers to DOE's practice of feeding its own natural uranium into it enrichment plants in addition to the natural uranium provided by utilities in order to reduce the cost of producing enriched uranium for its customers.

[5] A SWU is a measure of effort required to separate uranium into components, including one containing a greater amount of fissionable material.

[6] For a discussion of initial Soviet uranium imports, see our December 1986 report, "Uranium Enrichment: U.S. Imports of Soviet Enriched Uranium" (GAO/RCED-90-70BR).

although NUEXCO reported that the former Soviet republics may have limited enriched uranium inventories; furthermore, other brokers commented that GNSS may have wanted to build a U.S. stockpile of Soviet natural uranium in order to relieve potential customers of any supply concerns caused by the recent changes in the former Soviet Union.

OTHER FOREIGN COUNTRIES STILL PROVIDE MOST U.S. URANIUM IMPORTS

In order to appreciate the impact of increased Soviet uranium imports on the U.S. uranium market, it is important to compare the imports with (1) annual U.S. utility uranium needs, (2) other U.S. uranium imports, and (3) ongoing U.S. uranium production and U.S. enrichment sales. These comparisons show that the growing Soviet uranium imports are providing an increased proportion of U.S. nuclear utility requirements while other foreign uranium imports have continued to grow. U.S. Commerce import statistics also show that most of the natural uranium imported in 1989 and 1990 came from Canada and Australia and that a large amount of the enriched uranium imported into the United States in 1991 came from Germany. From 1989 to 1990, U.S. natural uranium production continued to decline, a trend that began in the early 1980s.

U.S. nuclear reactors require about 40 million pounds of uranium per year. Thus, Soviet imports in 1991, which totaled about 6.6 million pounds after reexports, represented 16.5 percent of expected total U.S. needs. Although this is still a relatively small percentage of total requirements, it is a big jump from 1986, when Soviet imports represented much less than 1 percent of U.S. requirements. Furthermore, market experts point out that some U.S. utilities are constrained by long-term purchase contracts to buy domestically produced uranium and/or DOE enrichment services. As these contracts begin to expire in the mid-1990s, experts project that the percentage of CIS purchases could increase if CIS uranium and related enrichment services remain available at low prices.

It is also important to note that total U.S. imports of enriched and natural uranium have risen over the last decade. In particular, Canada and other producers have sold increasing amounts of natural uranium to the United States since 1980. In 1990, according to Department of Commerce statistics, Canada and Australia, the two largest exporters of natural uranium to the United States, provided almost 70 percent of all natural uranium imported into the United States, compared with about 9 percent from the Soviet Union. Available Commerce statistics also show that the vast majority of the enriched uranium (over 93 percent) that entered the United States in the first 9 months of 1991 came from Germany, which liquidated a large government stockpile. In summary, Commerce statistics show that while Soviet uranium imports are growing, most uranium imports are still coming from other countries.

As total imports have grown, U.S. natural uranium production has fallen dramatically since it peaked in 1980. In 1990, for example, domestic production totaled 8.9 million pounds, compared with 13.1 million pounds in 1988 and 43.7 million pounds in 1980. In 1981 about 247 uranium production facilities operated in the United States, but by the end of 1990, only 39 were operating. One uranium mining official, whose company recently closed two production sites, told us that the latest closings were the direct result of cheap Soviet uranium imports that kept the price of uranium well below production costs.

Table 2 compares total domestic uranium production, total U.S. uranium imports, and total Soviet uranium imports since 1980.

TABLE 2.—U.S. URANIUM MARKET SUMMARY, 1980–91

[Pounds of U_3O_8 equivalent in millions]

	U.S. natural uranium production[1]	Total U.S. imports	Total Soviet imports
Year:			
1980	43.7	3.6	0.7
1981	38.5	6.6	.2
1982	26.9	17.1	.6
1983	21.2	8.2	.8
1984	14.9	12.5	1.1
1985	11.3	11.7	.2
1986	13.5	13.5	.4
1987	13.0	15.1	1.0
1988	13.1	15.8	.6
1989	13.8	13.1	1.5
1990	8.9	23.7	6.5
1991	8.0	[2]23.6	6.8

[1]Includes production from U.S. mines that produce uranium as a by-product.
[2]EIA projection.
Source: EIA.

A DOE uranium enrichment official testified at the preliminary ITC antidumping hearing in December 1991 that the key impact of the availability of cheap Soviet enrichment services has been the loss of commitments to DOE for future purchases. The official also testified that DOE currently has a very large share of domestic market deliveries because of contracts that were signed up to 10 years ago. By the mid- to late-1990s, however, DOE projects that the CIS will have a significantly larger share of the U.S. market (the largest uranium market in the world) because of contracts being signed today and/or expected to be signed in the near future at prices considerably lower than DOE's current contract price. DOE testified that the Soviet percentage of new enrichment contract signings rose from 6 percent of all new contracts in 1990 to 36 percent of all new contracts signed in 1991. DOE estimates that by the end of 1992, the CIS will obtain 65 percent of all new contracts signed.

DOE based its estimate on information from a number of U.S. utilities that have either signed a letter of intent to purchase CIS enrichment services in the future or have their management's approval to pursue a contract with the CIS. We note, however, that utilities are generally not signing long-term contracts. For example, NUEXCO stated in its 1991 annual report that GNSS executed only two long-term agreements with U.S. utilities as of early 1992. According to utility representatives, U.S. nuclear fuel buyers recognize that excess enrichment capacity exists worldwide and that they can solicit competitive bids for near-term enrichment services instead of committing to long-term contracts.

SOVIET ANTIDUMPTING PETITION FILED BY UNITED STATES MINERS

On November 8, 1991, the Ad Hoc Committee of Domestic Uranium Producers, representing a coalition of 13 U.S. mining and milling companies, and the Oil, Chemical and Atomic Workers International Union, representing uranium conversion and enrichment plant workers filed a petition with ITC and ITA. The petition alleged that the U.S. uranium industry has been materially injured or threatened with material injury because Soviet uranium imports have been sold at less than fair value and requested import relief under the Tariff Act of 1930 (19 U.S.C. 1673a). The petitioners claimed that Soviet imports have penetrated the U.S. market at unfair prices, thereby suppressing uranium prices to unprecedented lows which threaten to extinguish the U.S. industry. According to the petitioners' calculations, Soviet natural and enriched uranium have been priced in the United States at less than half of their fair market value. DOE officials told us that the Department's official position regarding the petition is to cooperate fully with ITA and ITC and provide any factual information requested. In addition, a DOE official testified at the December 3, 1991, ITC public hearing that DOE's enrichment business has been injured by low Soviet enrichment prices.

As a result of the petition, ITC and ITA initiated investigations in accordance with each agency's respective regulations. In December 1991, ITC made a preliminary determination that the domestic uranium industry may be materially injured or threatened with material injury by reason of imports of uranium from the Soviet Union, and on May 29, 1992, ITA announced that it had preliminarily determined that six former Soviet republics are selling, or are likely to sell, uranium products at less than their fair market value in the United States. Both agencies expect to make final determinations later this year. If ITC finally determines that the domestic industry has been injured and ITA finally determines that the Soviet imports have been unfairly priced, ITA will determine what duties, if any, will be levied on CIS and/or past Soviet uranium imports. The final ruling can then be appealed by either party to the U.S. Court of International Trade.

The breakup of the Soviet Union has made it difficult for ITA and ITC to accumulate data to support their market-injury and fair-pricing analyses. The agencies have had to contact 12 new republics, each in the throes of establishing a central government. To date, neither agency has received satisfactory responses to its questionnaire requesting uranium cost and production data from the former Soviet republics that have uranium mining or product centers. According to Commerce officials, because data have not been forthcoming, they are conducting a "surrogate analysis" using production and cost data from other countries whose technology is deemed comparable to Soviet technology to determine a fair market price. (See app. III for available information on Soviet uranium production and enrichment capabilities.)

THE DISSOLUTION OF THE SOVIET UNION AND THE POTENTIAL COMMERCIAL USE OF HEU ADD FURTHER UNCERTAINTY TO THE URANIUM MARKET

The late 1991 dissolution of the Soviet Union's central government creates uncertainty as to how future uranium sales activities will be conducted. According to a January 31, 1992, GNSS submission to ITA, the Ministry of Atomic Power and Industry (MAPI)—the federal ministry of the former government of the Soviet Union, which centrally coordinated uranium production and sales—no longer exists. A new Russian Ministry of Atomic Energy has been established; the Ministry has no authority over uranium production or sales in any of the other former Soviet republics. TENEX—the foreign economic association that exported goods and services produced by MAPI prior to the dissolution—is now a joint stock company that continues to engage in exporting uranium but now must negotiate separately with each of the uranium-producing enterprises within the CIS that have asserted ownership and control over the uranium facilities located in their terrorities. Furthermore, according to trade press reports, some

uranium facilities in the CIS other than Russia have begun to negotiate directly with prospective foreign customers without advising or consulting with TENEX. Uranium brokers and traders told us that the dissolution of the Soviet Union will have a dramatic effect on future uranium production sales and costs, and it will take months, if not years, for future uranium-trading activities to be defined.

The breakup of the Soviet Union has also increased the possibility that some HEU will be converted to commercial fuel for sale to nuclear power plants. In July 1991, a high-level U.S. task force determined that initial amounts of HEU removed from U.S. weapons would not be available for commercial use. However, since then, further U.S. weapons reduction decisions have been made, and the Cold War threat has declined because of the breakup of the Soviet Union. DOE officials now speculate that some of the large amount of HEU that will be removed from retired U.S. nuclear weapons may eventually be used for commercial purposes. However, no specific decisions that would lead to the commercial sale of HEU have been made. One private-sector analysis concluded that if one-half of the U.S. inventory of HEU is blended down to commercial grade enriched uranium, it could meet about 20 percent of U.S. utilities' needs for enriched uranium for 20 years.

The breakup of the Soviet Union has also led to high-level discussions between the former Soviet Union and U.S. officials examining the possibility of transporting Soviet-produced HEU to the United States. Former Soviet officials have publicly announced that they can sell up to 500 metric tons of HEU. U.S. officials would like to obtain this material in order to reduce proliferation concerns.

DOE HAS LARGE URANIUM INVENTORIES

DOE has over 450,000 metric tons of uranium in addition to its classified HEU inventories. Almost all of this uranium was originally purchased as natural uranium under government contracts prior to 1971. While some of this natural uranium still remains with DOE's uranium enrichment program, much of it has been enriched or otherwise processed and relocated throughout DOE's weapons and laboratory complex. DOE's total uranium inventory—which includes about 4,300 lines of inventory items—can be summarized into four categories: natural uranium; enriched uranium; HUE; and depleted uranium, or tails. Because of the size of their inventories, DOE officials said they will not need to purchase any uranium for the foreseeable future.

In 1985 DOE allocated the natural uranium remaining in its inventories to its commercial uranium enrichment and defense programs. Since then, the commercial program has used much of its allotment for overfeeding its enrichment plants. However, about 18,700 metric tons of natural uranium remained in the defense allotment at the end of fiscal year 1991. DOE officials expect that the commercial program will be able to eventually use some of this remaining natural uranium for overfeeding, since DOE decided last year to stop producing HEU for defense purposes. (For a more complete discussion of DOE uranium inventory issues, see app. IV.)

CONCLUSIONS

According to uranium market experts, it will probably take several years for the various parties involved to fully answer the following three questions:

1. How will the ongoing antidumping case be resolved?
2. How will the evolving former Soviet republics market uranium?
3. How much HEU will be "blended down," and when will it be available for sale?

Because the answers to these questions will determine, to a large extent, the future of the domestic uranium market, domestic uranium producers and DOE's enrichment program currently face an uncertain future.

In the meantime, U.S. uranium producers cannot expect DOE to create any new demand for natural uranium. DOE has large amounts of uranium is various forms and may someday be able to convert excess HEU obtained from retired nuclear weapons to commercial fuel. In addition, uranium enrichment officials are optimistic that they will be able to use some of the natural uranium set aside in 1985 for defense purposes for overfeeding.

AGENCY COMMENTS

We discussed the factual contents of this report with DOE officials representing the Office of the Assistant Secretary of Nuclear Energy, the Uranium Enrichment Program, Defense Programs, and EIA. These officials generally agreed with the report and provided us with detailed comments and updated statistics that have been incorporated into the report where appropriate. However, as requested, we did not obtain written agency comments on this report.

We conducted our work between July 1991 and May 1992 in accordance with generally accepted government auditing standards except as noted in appendix I. (For a detailed description of our scope and methodology, see app. I.)

Unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days from the date of this letter. At that time, we will send copies to appropriate congressional committees; the Secretary of Energy; the Secretary of Commerce; the Chairman of the International Trade Commission; and the Director, Office of Management and Budget. We will also make copies available to others upon request.

Please contact me at (202) 275-1441 if you or your staff have any questions. Major contributors to this report are listed in appendix V.

Sincerely yours,

VICTOR S. REZENDES,
Director, Energy Issues.

ABBREVIATIONS

CIS: Commonwealth of Independent States.
DOE: Department of Energy.
EIA: Energy Information Administration.
GNSS: Global Nuclear Services and Supply, Ltd.
HEU: highly enriched uranium.
ITA: International Trade Administration.
ITC: International Trade Commission.
SWU: separative work unit.
MAPI: Ministry of Atomic Power and Industry.
TENEX: Techsnabexport.

APPENDIX I.—SCOPE AND METHODOLOGY

To obtain information on uranium imports from the Soviet Union, we interviewed officials from DOE's Energy Information Agency (EIA), the International Trade Commission (ITC), and the Department of Commerce's International Trade Administration (ITA) in Washington, D.C. We also obtained available documents such as EIA's Uranium Industry Annual and Uranium From the U.S.S.R. (the preliminary determination of the ITC investigation of the Soviet antidumping suit). To obtain information on the current status of the uranium market and the impact of Soviet imports on the uranium market in the United States, we interviewed officials from NUEXCO, the New York Nuclear Corporation, NUKEM, and the Uranium Exchange Company, four companies active in the international uranium market. We also attended U.S. Council of Energy Awareness conferences on uranium in September 1991 and the nuclear fuel cycle in January and March of 1992.

To address questions on Soviet production practices, inventories, and costs, we interviewed officials and obtained documents from the Department of Energy's (DOE) Office of Intelligence, Washington, D.C., the Uranium Institute, London, England; the International Atomic Energy Agency, Vienna, Austria; and NUEXCO, Denver, Colorado. Since little data are available on Soviet uranium inventories, production capabilities, costs, and practices, most of the information we obtained was in the form of expert estimates. To obtain information on DOE's uranium inventories, we interviewed officials and obtained inventory data from DOE's Office of Weapons and Materials Planning and Uranium Enrichment Program, Germantown, Maryland.

We primarily used import data compiled by the Department of Commerce and EIA. The EIA data were taken from DOE's Nuclear Management Information System and are used by DOE and the Nuclear Regulatory Commission to monitor all uranium shipped into the United States. We attempted to verify this import data by checking it against ITC's records developed during the antidumping petition filed against Soviet uranium importers by domestic uranium miners. However, ITC refused us access to uranium trade information because of its interpretation of 19 U.S.C. §1677f, which requires it to safeguard proprietary data provided to it during an antidumping investigation.

We discussed the information in this report with the Director of Business Operations for the Uranium Enrichment Program, the Director of Materials Planning within the Office of Defense Programs; and the Director of EIA's office of Coal, Nuclear, Electric and Alternative Fuels. An official within the Office of the Assistant Secretary of Nuclear Energy also reviewed the facts contained in the report. These officials generally confirmed the information contained in the report. Where appropriate, changes have been made on the basis of these discussions to further clarify the information presented. As requested, we did not obtain written agency comments on a draft of this report. Our work was conducted from July 1991 to April 1992 in accordance with generally accepted government auditing standards except as noted above.

APPENDIX II.—BACKGROUND

Uranium is a silvery white metal, used almost exclusively to produce fuel for nuclear reactors. Uranium is most often obtained from surface (open-pit) or underground mines or as a by-product during the production of other minerals, such as phosphate. It can also be extracted from the ground through a process called in-situ mining, whereby a dissolving solution is pumped through the uranium ore body, after which the solution and ore are extracted for processing. The natural uranium, usually in the form of uranium oxide, or "yellowcake," (U_3O_8) is usually converted to uranium hexafloride (UF_6), which is then converted to

a gas and enriched. Uranium enrichment is the process that separates natural uranium into two components, including one with a higher content of fissionable uranium isotope–U–235.[1] The enriched uranium is further processed and eventually fabricated into fuel for use in nuclear power plants. In the past, some uranium has been highly enriched for use in nuclear weapons or U.S. Navy nuclear reactors. Enriched uranium to be used as commercial fuel is shipped to companies who fabricate it into fuel assemblies for nuclear power plants.

The U.S. uranium mining industry has operated under a series of changing business conditions since it began producing solely for the U.S. government in the 1940s and 1950s. In the 1970s, when uranium first became available to private customers, the domestic uranium miners were protected from foreign competition by a provision in the government's enrichment contracts which prohibited DOE from enriching imported uranium intended for domestic nuclear power plants. In 1980 domestic uranium mining production peaked because of the predicted rosy future for nuclear power and lucrative long-term contracts signed by nuclear utilities with natural uranium producers anxious to secure a safe, domestic source of uranium. In 1980 domestic miners produced 43.7 million pounds of uranium and employed about 12,000 people.

Since the early 1980s, however, the industry has struggled after restrictions on the use of foreign imports were eased and utilities cut back on expected nuclear plant construction. Furthermore, large uranium inventories acquired by utilities under earlier contracts created a secondary uranium short-term (spot) market, in which utilities sold their surplus inventories at prices below domestic production costs. By 1988 foreign investors had taken over most of the struggling U.S. uranium mining industry, and imports supplied 51 percent of U.S. utilities' requirements. Because of its poor financial state, the Secretary of Energy, in an annual report required by the Atomic Energy Act, has declared the domestic uranium mining industry nonviable every year since 1984.[2] Nevertheless, by the end of the 1980s, the domestic uranium industry was generally optimistic because utilities' inventories were being reduced, natural uranium prices were rising, and a new mining technology (in-situ mining) appeared to have cost and environmental advantages that would enable U.S. producers to compete with Canada and Australia, the world's two leading producers.

As with the uranium miners, DOE's uranium enrichment program, the only U.S. entity that enriches natural uranium, has faced a dramatically changing business environment over the last 15 years. The program started out in 1969 with a monopoly over the western world's enrichment market. But with aging, energy-intensive production facilities, it finds itself facing stiff foreign competition. As a result, DOE's share of the western world's enrichment market declined from about 100 percent in the early 1970s to less than 50 percent in 1991.

[1] Natural uranium contains about 0.71 percent of the fissionable isotope U–235. Enriched uranium for use in commercial reactors contains about 2 to 5 percent of the isotope, while highly enriched uranium used in nuclear weapons and U.S. Navy nuclear reactors contains over 90 percent U–235.

[2] In order to help determine if the government should take steps to help domestic uranium miners, a 1983 amendment to the Atomic Energy Act has required the Secretary of Energy to annually determine if the domestic industry is viable for the 1983–92 period.

APPENDIX III.—SOVIET UNION URANIUM PRODUCTION CAPABILITIES

Little information is available on how uranium was or is produced in the former Soviet Union, what it cost the Soviets to mine or enrich the uranium, or the extent of uranium inventories in the CIS. This section summarizes available data and estimates of the former Soviet Union's uranium production practices, capacities, and costs. As noted in the report, the dissolution of the Soviet Union will have a dramatic effect on future uranium production, sales, and costs—and it may take years before the new republics define new uranium production and sales practices.

SOVIET NATURAL URANIUM PRODUCTION AND COSTS

According to NEUXCO's 1991 Annual Review, 40 percent of the natural uranium produced in the former Soviet republics was recovered through in-situ leaching. Of recent uranium mining activity, about 30 percent of mine production has come from Russia, 30 percent from Kazakhstan, 30 percent from Uzbekistan, and the remaining 10 percent from Ukraine. In 1991, prior to the breakup, the Uranium Institute estimated total Soviet natural uranium production to have been 5,000 metric tons in 1990 and projected it to reach 10,000 metric tons by 1995. This compares with total annual U.S. requirements of about 18,000 metric tons.

According to available reports, the Soviet Union's former East European satellites of Bulgaria, Czechoslovakia, East Germany, and Hungary shipped natural uranium to the Soviet Union from 1946 to 1990. After January 1991, the Soviet Union no longer controlled the uranium operations of its former satellites, and no new contracts were signed. One private study estimates that the former Soviet Union's Eastern European satellites produced over 1.5 billion pounds of natural uranium between 1946 and 1990 for shipment to the Soviet Union.

DOE officials believe that past Soviet uranium production costs have been low because production was very labor-intensive, and at least in the past, Soviet labor was "cheap." However, some experts we talked to also said that the nonmarket economic conditions that existed in the Soviet Union and its satellites precluded anyone, including Soviet officials, from determining the true cost of past uranium production.

SOVIET URANIUM ENRICHMENT PRACTICES

The Soviets are currently operating four enrichment plants, two of which also have facilities for converting natural uranium to gas for use in the enrichment plants. According to a 1990 NUEXCO Annual Review, all four plants have gas centrifuge units, and gaseous diffusion enrichment accounts for less than 5 percent of their total output. According to NUEXCO's 1991 Annual Review, a major enrichment upgrading program is underway to replace old-generation centrifuge machines with newer, more efficient machines. An official of the Soviet Ministry of Atomic Power and Industry stated in 1990 that all four centrifuge facilities are located in the Russian Republic.

Although the capacity of individual plants and the total capacity of all enrichment plants remained classified at the beginning of 1992, the NUEXCO 1991 report estimates that the four Soviet enrichment plants have a total capacity of at least 10 million separative work units[1] (SWU) per year. Furthermore, TENEX has announced that it will be able to export about 10 million SWU per year by the year 2000. No information is currently available on Soviet enrichment costs.

[1] A SWU is a measure of the effort required to separate uranium into components, including one containing a greater amount of fissionable material.

SOVIET URANIUM INVENTORIES

The Uranium Institute estimates in its report Uranium in the New World Market Supply and Demand 1990–2010 that the former Soviet republics have a total stockpile of uranium in all forms of between 140,000 to 160,000 metric tons, excluding HEU for military purposes. According to DOE officials, Soviet officials have publicly announced that they can sell up to 500 metric tons of HEU to the United States. NUEXCO estimates that the Soviets do not have a large commercially enriched uranium inventory. Little information exists on what the former Soviet republics are doing with excess enriched uranium production (if any) since the breakup of the Soviet Union.

APPENDIX IV.—DOE'S URANIUM INVENTORIES

Most of DOE's uranium was originally purchased by the Atomic Energy Commission by 1971. By 1971 the government had purchased over 600 million pounds of natural uranium (U_3O_8 equivalent) from domestic miners and from foreign sources when domestic producers could not meet government requirements. While some of this natural uranium remains under the control of DOE's uranium enrichment program, much of the purchased uranium has been enriched or otherwise processed and relocated throughout DOE's extensive weapons and laboratory complex. However, only a relatively small amount of uranium has been permanently removed from DOE's inventories through weapons testing or some other means. Even the highly enriched uranium (HEU) produced by DOE's enrichment program for military purposes and presently contained in nuclear weapons is considered part of DOE's uranium inventories.

DOE's unclassified materials inventory records list about 4,300 line items of uranium inventories. Each inventory item represents uranium in a different form, mixture, enrichment level, and/or location. The large number of different inventories shows how widespread and diverse DOE's total uranium inventory is. Because of the many different uranium inventories, and the difficulty in reconstructing past records, DOE officials told us that compiling an historical, year-by-year accounting of the changes in its uranium inventories would be an extremely complex, if not impossible job. However, DOE's total uranium inventory can be summarized in four broad categories: (1) natural uranium; (2) enriched uranium; (3) HEU; and (4) depleted uranium, or tails. All HEU (uranium enriched above 20 percent) inventory data are classified as are some small amounts of other forms of uranium that are assigned to specific DOE classified programs, such as the AVLIS program—DOE's new laser enrichment technology development program.

Table IV.1 shows DOE's unclassified uranium inventory as of the end of fiscal year 1991.

TABLE IV.1—*DOE's uranium inventories as of Oct. 1, 1991*

[In metric tons]

Uranium:	*Total*
	Total
HEU[1]	
Enriched	12,294
Natural	60,158

	Total
Depleted	380,681

[1] Classified.

Note.—DOE's total uranium inventory is expressed in terms of the total aggregate weight of the various inventories regardless of its form or level of enrichment. For example, the total amount of enriched uranium shown in this table is the total of all of the enriched uranium inventories spread throughout DOE, even though the enrichment level varies from slightly above 0.7 percent (natural uranium) to 20 percent. DOE classifies uranium enriched above 20 percent as HEU.

DOE'S URANIUM ENRICHMENT PROGRAM'S INVENTORIES

DOE officials told us that DOE's total uranium inventory has not changed significantly for many years because very little uranium has entered or been removed from the system. The only exception to this has been the natural uranium routinely provided to DOE's uranium enrichment program by utilities for enrichment and the enriched uranium ultimately provided to DOE's customers. Under DOE's uranium enrichment program, DOE takes title to natural uranium when it is delivered by its customers, even though it may not actually provide related enrichment services for many years. When DOE takes title to the uranium, it incurs an obligation to produce a given amount of enriched uranium per the terms of the enrichment contract. As of the end of fiscal year 1991, the enrichment program controlled about 79,000 metric tons of uranium[1] including about 64,100 metric tons of natural uranium. About 46,900 metric tons was provided by utilities and represents a future DOE liability to its enrichment customers.

The remaining inventories, about 32,100 metric tons, are dedicated to DOE's commercial uranium enrichment and defense programs according to a 1985 internal memorandum of agreement between DOE's Offices for Defense Programs and Nuclear Energy, which allocated the natural uranium remaining in DOE's inventories at that time. Since then, the Office for Defense Programs has used about 6,100 metric tons (about 25 percent) of its allocation mainly for nuclear Navy fuel and has about 18,700 metric tons left for defense purposes. The remaining amount (about 13,400 metric tons) is available for commercial purposes, including overfeeding. For each of the last 4 fiscal years (1988–91), DOE has used over 3,300 metric tons of its natural uranium to overfeed its plants and cut production costs. Table IV.2 shows the annual inventory status of DOE's uranium enrichment program since 1985.

TABLE IV.2.—DOE'S URANIUM ENRICHMENT PROGRAM'S INVENTORY STATUS, 1985–91

[In metric tons of natural uranium equivalent]

Fiscal year	DOE ending inventories			DOE's customer liability	Office of Defense Programs' allocation	Remaining uranium enrichment inventory
	Natural uranium	Enriched uranium	Total			
1985	47,215	35,335	82,550	25,762	24,802	31,986

[1] DOE's uranium enrichment program expresses its inventory statistics in terms of the equivalent weight of natural uranium. In other words, regardless of its enrichment level, these statistics express the total weight of the inventory in terms of what it would weigh if the inventory were made up of natural uranium (0.7 percent enrichment). These statistics are not comparable to the total inventory statistics maintained by DOE's Office of Nuclear Materials, which does not convert the thousands of different DOE uranium inventories to an equivalent weight.

TABLE IV.2.—DOE'S URANIUM ENRICHMENT PROGRAM'S INVENTORY STATUS, 1985–91—Continued

[In metric tons of natural uranium equivalent]

Fiscal year	DOE ending inventories			DOE's customer liability	Office of Defense Programs' allocation	Remaining uranium enrichment inventory
	Natural uranium	Enriched uranium	Total			
1986	54,449	32,331	86,780	31,505	23,364	31,911
1987	61,928	27,562	89,490	36,927	21,766	30,797
1988	72,465	18,213	90,678	45,681	20,464	24,533
1989	71,057	13,072	84,129	44,595	19,387	20,147
1990	69,381	14,610	83,991	48,340	18,971	16,680
1991	64,085	14,908	78,993	46,897	18,719	13,377

DOE uranium enrichment officials plan to use the rest of DOE's natural uranium allotment for overfeeding over the next 10 years, according to a cost optimization model. Uranium enrichment officials also speculate that some of the defense allocation may become available for commercial overfeeding as large amounts of HEU are removed from nuclear weapons, thereby reducing the need for a large stockpile of natural uranium for defense purposes.

Table IV.2 also shows that as of the end of fiscal year 1991, DOE held about 46,900 metric tons of uranium provided to it by utilities. DOE officials told us in March 1992 that the program had never used any natural uranium provided to DOE by utilities for overfeeding. However, DOE officials told us that they could overfeed their enrichment plants by using utility-provided uranium as long as they meet their future contract commitments.

HEU

Although DOE stopped producing HEU for weapons purposes in 1964, DOE continued to produce HEU for use in the nuclear Navy, research reactors, and defense production reactors. In November 1991, DOE announced its plan to stop producing HEU; however, minimal production will continue until about November 1992, when necessary shutdown procedures will be completed. Other required safety analyses and related environmental studies are expected to take about 3 years.

The decision to shut down DOE's remaining HEU production capacity was one of the recommendations of a high-level task force that formed in 1991 to examine various HEU options in light of the large amounts of HEU that are expected to be removed from dismantled nuclear weapons under recent arms reduction agreements. The task force's classified report looked at how much HEU existed and how much might be removed from weapons, and examined options for disposition of the excess amounts.

The analyses performed by a task force working group concluded that the blending down of initial quantities of excess HEU to enriched uranium so that it could be sold to nuclear utilities was not economically advisable. According to DOE officials, the working group concluded that HEU could easily be blended down for commercial sale, and that economic benefits to the enrichment program could be substantial. However, the analysis balanced the relatively short-term benefits that could be obtained from blending initial returned HEU quantities for commercial sale against the future need to eventually produce additional HEU for defense purposes and concluded that it was cost-effective to postpone future HEU production as long as possible. The analysis also showed that even if blending were pursued, HEU could not be made available for commercial use for some time because of the time it takes to dismantle nuclear weapons and build a $100 million facility to convert HEU metal contained in weapons to uranium hexaflouride, which can be converted to a gas that can be blended down for commercial use.

Since the task force completed its work in July 1991, the Bush administration has announced other nuclear arms cutbacks and the possibility of obtaining HEU produced by the former Soviet Union has been discussed. According to DOE officials, U.S. and former Soviet officials have conducted a series of meetings to discuss the possibility of transferring HEU to the United States. According to DOE officials, former Soviet officials have publicly announced that they can sell as much as 500 tons of HEU.

One private study of the impact of blending down HEU for commercial sale hypothesized that if half of the U.S. HEU is reduced to commercial grade enriched uranium, it could replace about 7.5 million pounds of natural uranium and about 1.9 million SWU per year for 20 years, or about 20 percent of U.S. uranium and enriched uranium requirements over that time. The report also concluded that if half of the CIS HEU is reduced, it could replace about 16.5 million pounds and 4.1 million SWU per year. Taken together, the report concludes that U.S. and CIS HEU could supply about 20 percent of the Western World's requirements for 20 years.

DOE Office of Nuclear Materials officials told us that they are preparing a first ever strategic uranium inventory plan that will consider the latest strategic and inventory requirements. The plan is expected to be completed in 1992 and be periodically updated as circumstances change.

DEPLETED URANIUM (TAILS)

A substantial portion of DOE's uranium inventory—over 380,000 metric tons as of the end of fiscal year 1991—is in the form of depleted uranium or tails. These tails were produced at the DOE enrichment plants, where two process streams are generated during the enrichment process: one with a higher than natural content of U–235, the isotope needed to spur nuclear fission, and another stream with depleted in U–235. Generally, for every 7 pounds of natural uranium fed into the plants about 1 pound of enriched uranium is produced along with 6 pounds of depleted uranium or tails.

Per the terms of the enrichment contracts, utilities that provide natural uranium to DOE have the right to pick up the tails after enrichment occurs. According to DOE officials, few if any utilities have ever removed the tails from the plants. DOE enrichment contracts provide that if the utility does not exercise its option to acquire the tails, they become the property of DOE. The 1985 DOE memorandum that allocated uranium inventories between the defense and commercial programs states that the tails are the property of DOE's Office of Defense Programs.

Although the tails are depleted in U–235, that is they contain less U–235 than natural uranium, they still contain between 0.2 percent and 0.65 percent of U–235. Most of the tails contain about 0.2 to 0.25 percent of U–235 compared with natural uranium, which contains about 0.7 percent of U–235. DOE considers the tails a potential asset that could be used as a feed stream for future cost-efficient enrichment technologies. Whether these tails would ever be used as a feed stream depends on the future cost of natural uranium compared with the cost to reenrich these tails to the level of natural uranium.

COST OF REENRICHING TAILS

The key factor determining the cost of reenriching depleted tails is the cost per SWU.

The cost to reenrich tails would also depend on the assay of the new tails or waste stream produced during the reenrichment process. From a given amount of depleted uranium, one can produce more natural uranium with a lower tails assay. However, the lower the tails assay from the reenrichment process the more energy (SWUs) is required to extract the U-235 isotope from the depleted tails.

Table IV.3 shows the cost to produce a kilogram of natural uranium hexafloride from 0.2 percent depleted uranium tails, assuming various SWU costs and a final tails assay of 0.15 percent. According to the table, if a SWU cost $50, it would cost about $84 to produce a kilogram of natural uranium from 0.2 percent depleted uranium.

TABLE IV.3—*Cost of reenriching tails*[1]

Cost per SWU:	*Cost*[2]
$25	$42.03
$50	84.05
$75	126.08
$100	168.10

[1] The table assumes that the depleted tails being enriched are at a 0.2- percent enrichment level and that the tails assay of the reenrichment process is 0.15 percent.

[2] Cost to produce 1 kilogram of natural uranium. Uranium hexafloride (UF_6) enriched with U-235 to 0.711 percent.

Currently, the cost of a kilogram of natural uranium hexafloride is about $24. Therefore, according to the chart, the price of a SWU used in the reenrichment process would need to drop to well below $25 or the price of natural uranium would have to rise substantially above its current level before it would be economical to reenrich depleted tails for use in future enrichment activities.

DOE'S PROPOSED URANIUM INVENTORY SALE OR BARTER

In 1992 DOE's Office of Defense Programs identified about 8,736 metric tons of depleted, natural, and enriched uranium in various forms as excess material that could be sold or bartered. The excess inventories are at DOE facilities located at Fernald, Ohio, and Hanford, Washington. As Table IV.4 illustrates, most of these inventories consists of enriched and depleted uranium.

TABLE IV.4—EXCESS DOE URANIUM INVENTORIES IDENTIFIED FOR POTENTIAL SALE

[In metric tons]

Location	Natural uranium	Enriched uranium	Depleted uranium	Total
Hanford, WA	147	2,040	115	2,302
Fernald, OH	450	2,159	3,825	6,434
Total	597	4,199	3,940	8,736

According to DOE officials, some of this material cannot be fed through DOE's enrichment plants because it is in metal form; furthermore, it has various impurities that would not be acceptable by U.S. nuclear fuel fabricators. However, some foreign facilities have expressed interest in this material. DOE prefers to exchange the natural and enriched uranium for commercial natural uranium that can be used in its gaseous diffusion plant operations.

DOE officials published requests for written expressions of interest in the March 24, 1992, and April 9, 1992, editions of the *Commerce Business Daily* for its Fernald and Hanford inventories and are currently reviewing responses. DOD officials told us that they will proceed with caution in conducting these sales and/or exchanges because they do not want to cause injury to the U.S. uranium mining industry.

APPENDIX V.—MAJOR CONTRIBUTORS TO THIS REPORT

RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, WASHINGTON, DC

James E. Wells, Jr., Associate Director;
Robert E. Allen, Jr., Assistant Director;
Ronald E. Stouffer, Evaluator-in-Charge;
Elise B. Bornstein, Evaluator;
Earl P. Williams, Jr., Reports Analyst.

URANIUM IMPORTS FROM THE U.S.S.R. 1988—FEBRUARY 1992[1]

Period	Volume (pounds U_3O_8)	Value
1988	189,727	$9,155,940
1989	490,333	21,678,775
1990	6,013,574	122,347,751
January 1991[2]	44	1,500
February 1991	0	0
March 1991	0	0
April 1991	1,044,019	10,560,000
May 1991	1,359,191	12,368,648
June 1991	0	0
July 1991	1,559,296	16,641,063
August 1991	1,566,571	16,072,223
September 1991	0	0
October 1991	3,352,800	31,497,429
November 1991	0	0
December 1991	3,383,543	23,218,229
1991 Total	12,266,000	
January 1992	[3]2,198,652	[4]24,926,589
February 1992	[5]900,620	12,228,979

[1] Source: U.S. Department of Commerce, Bureau of the Census, IM145 Reports. Based on 1 kg = 2.2046 lbs; 1 kg — UF6 = 1.767 lbs U_3O_8. 1 kg enriched UF6 = 14.185 lbs. U_3O_8. 1991 data does not include imports of HTS category 2844.20.00.50; Census IM145 Reports for this category do not provide quantity data.

[2] Believed to be misclassified.

[3] Does not include 113,350 kg. Classified as uranium hexafluoride depleted in U^{235}, which are believed to be misclassified, and may be enriched uranium (1,607,870 lbs. U308 equivalent). This is consistent with the February, 1992 NUKEM Market Report, an industry publication, which reports imports of 1,660,830 pounds U308 equivalent of enriched uranium in January, 1992.

[4] 113,350 kg. questionable material not included.

[5] EUP from Russia.

Mr. SIMPSON. Mr. President, I urge acceptance of the amendment.

The PRESIDING OFFICER (Mr. DODD). The Senator from Indiana.

Mr. LUGAR. We commend the Senator for this amendment. We are very pleased to accept it.

Mr. PELL. Mr. President, this is an excellent amendment. I am glad to recommend its adoption.

The PRESIDING OFFICER. Is there further debate? The question is on agreeing to the amendment.

The amendment (No. 2699) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. SIMPSON. Mr. President, I thank the chairman and ranking member for their courtesy in working on this amendment and the excellent work of their staff. I appreciate it.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2700

(Purpose: To express the sense of the Congress in opposition to the sale of the LTV Aerospace and Defense Company to a foreign person, and for other purposes)

Mr. BYRD. Mr. President, I offer an amendment on behalf of myself, Mr. DIXON, Mr. SASSER, Mr. SHELBY, Mr. RIEGLE, Mr. HOLLINGS, Mr. WIRTH, Ms. MIKULSKI, and Mr. SARBANES.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD] for himself, Mr. DIXON, Mr. SASSER, Mr. SHELBY, Mr. RIEGLE, Mr. HOLLINGS, Mr. WIRTH, Ms. MIKULSKI, and Mr. SARBANES, proposes an amendment numbered 2700.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . SENSE OF THE CONGRESS CONCERNING THE SALE OF LTV.

(a) FINDINGS.—The Congress finds that the sale or other transfer to a foreign person of a United States business concern that is critical to the defense industrial base of the United States would be detrimental to the national security interests of the United States.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that, notwithstanding any other provision of law or any agreement to the contrary, no foreign person should be permitted to purchase or otherwise acquire the LTV Aerospace and Defense Company.

(c) DEFINITION OF "FOREIGN PERSON".—For purposes of this section, the term "foreign person" means any foreign organization, corporation, or individual resident in a foreign country, or any domestic or foreign organization, corporation, or individual, that is owned or controlled by the foreign organization, corporation, or individual.

Mr. BYRD. 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 Senator from West Virginia.

Mr. BYRD. Mr. President, I yield to the distinguished majority leader for such purposes as he may require without losing my right to the floor.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LUGAR. Mr. President, will the leader yield for a moment while the distinguished Senator is at hand? Could I ask whether a time limit of 30 minutes equally divided would be agreeable to the Senator on the LTV amendment?

Mr. BYRD. I have no objection to such time limit.

Mr. LUGAR. Mr. President, I ask unanimous consent that there be a time agreement of 30 minutes equally divided and managed by the managers of the bill on the LTV amendment.

Mr. BYRD. The Senator will be entitled to have the time under his control, his being the offeror.

Mr. LUGAR. I amend that. The author of the amendment will be entitled to the management of 15 minutes on his side and the managers of the bill on the other side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The majority leader is recognized.

UNANIMOUS-CONSENT AGREEMENT—H.R. 5260

Mr. MITCHELL. Mr. President, I ask unanimous consent that the majority leader may at any time today turn to the consideration of the conference report on the unemployment benefits bill, H.R. 5260; that when the Senate considers the conference report, there be a time limitation for debate of 1 hour equally divided and controlled between Senators BENTSEN and PACKWOOD; that when all time is used or yielded back, the Senate vote without any intervening action or debate on the conference report.

The PRESIDING OFFICER. Is there objection?

Mr. LUGAR. Mr. President, the distinguished leader has cleared that on our side of the aisle. We are agreeable.

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

UNANIMOUS-CONSENT AGREEMENT—POW/MIA RESOLUTION

Mr. MITCHELL. Mr. President, I ask unanimous consent that the majority leader may at any time after 3:30 p.m. today turn to the consideration of a resolution to be reported today by the POW/MIA Committee; that there be 10 minutes for debate on the resolution equally divided and controlled between Senator KERRY of Massachusetts and Senator SMITH; that no amendments or motions to recommit be in order to the resolution; that at the conclusion or yielding back of time, the Senate vote, without any intervening action, on the adoption of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. LUGAR. Mr. President, once again the distinguished leaders has cleared this item with our side, and we are agreeable.

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

Mr. MITCHELL. Mr. President, I thank my colleagues. I thank the distinguished chairman for his courtesy in yielding to me.

FREEDOM FOR RUSSIA AND EMERGING EURASIAN DEMOCRACIES AND OPEN MARKETS SUPPORT ACT OF 1992

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. I thank the distinguished majority leader. Mr. President, has the request by the distinguished Senator from Indiana been agreed to? Could we modify that request to include a provision that no amendments in the second degree be in order?

Mr. LUGAR. I ask unanimous consent that the agreement be so modified.

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

Mr. BYRD. I thank the Senator.

The PRESIDING OFFICER. The Senator from West Virginia.

AMENDMENT NO. 2700

Mr. BYRD. Mr. President, this amendment asserts that it is the sense of the Congress that the sale of LTV Corp.'s missile division to a foreign person should be prohibited. This language is similar to S. 2704, a bill that I introduced on May 13 and which was referred to the Banking Committee. I felt then, and I still feel that such a sale poses a significant risk to the security of highly sensitive weapons technology and could fundamentally damage the U.S. defense industrial base. There are no precedents for a sale of the magnitude that has been proposed in the case of the LTV Corp. and this is one time that the Senate ought to step in and tell the administration that this is a No Go.

The sale of this key asset for American defense and technological leadership, risks compromises of several highly sensitive programs, and puts these technologies in the hands of people who have demonstrated a willingness to sell weapons to the renegades of the world, the Libyans and the Syrians, for instance. We could face a situation in the future where our combat forces are looking down the business end of our own weapons system in that region of the world. We need to wake up. The LTV sale has become a litmus test of concern over American competitiveness, free trade, arms proliferation, and the viability of our defense industrial base. It has also raised sensitivities over our relationship with our ally France. It is a harbinger of things to come, and as such takes on a wider significance beyond the details of this important transaction on its own merits.

Books have been written recently about the selling of America, reams have been written about the one-sidedness of our so-called free trade philosophy, which amounts to a hands-off policy while our competition around the world is operating with a hands-on policy of close industrial-government cooperation to further those nation's competitiveness and manufacturing base and market shares around the world. Here is a real live example of how we can begin to stop this run-off of America's assets.

As most of my colleagues already know, a Federal bankruptcy court approved the sale of LTV Corp.'s missile division to Thomson-CSF, the American subsidiary of Thomson-S.A., a French firm that is 58 percent owned by the French Government. The deal also included the sale of LTV's aircraft division to the Carlyle Group, a Washington investment banking firm. Two American companies, Lockheed and Martin Marietta, had joined to bid on the missile and aircraft divisions, but could not match Thomson/Carlyle's $450 million offer. The higher bid may serve the best interest of LTV's creditors and shareholders but selling the American defense industry abroad does not serve the best interest of the nation.

It is indeed regrettable that the Carlyle Group must suffer, under the terms of the contract, if the Thomson deal is overturned. This expression of opposition is directed at preserving America's national security and preventing the sale of American defense assets to foreign-government-owned firms, and is not meant to censure the Carlyle Group. But Thomson, in allying itself with an American firm for the purposes of this deal, does not somehow attain more acceptable status, and the sale of LTV's missile division does not become more palatable.

Before the sale to Thomson can be finalized, the deal must first be reviewed by the Committee on Foreign Investment in the United States [CFIUS], not Sisyphus, who had to roll the stone up on top of the mountain. That review process began on April 20th and a Presidential determination is required by July 20th. Although the President has the authority to use the CFIUS process to block sales such as this one if he finds the sale could impair national security, to date the administration has chosen to make little use of that authority. In nearly 4 years, the CFIUS has reviewed over 700 foreign acquisitions, and only 1 was blocked by the President. Given the history of the CFIUS process, I am not encouraged and I am not prepared to simply wait idly while the deal is consummated and the French Government nationalizes the American defense industry.

I think that it is important for the Senate to go on record opposing this deal now, before the President makes his determination, which might be the wrong determination from the standpoint of our own country's best interests, as I see it at least. The House Armed Services Committee and the House Appropriations Defense Subcommittee have already included language in the fiscal year 1993 DOD authorization and appropriations bills respectively to block this sale. I understand that there are some Senators who would prefer to let the CFIUS review process run its course before we intervene legislatively. This amend-

ment will allow the Senate to go on record as strongly opposed to the deal as the administration conducts its deliberations, allowing the option of retaining the House prohibitions if circumstances so require.

This deal, if approved, would set a dangerous precedent by allowing foreign governments, not just foreign firms but foreign governments, to compete with U.S. investors trying to buy ailing U.S. defense firms as that industry shrinks and consolidates. How can we expect any company or any group of companies to marshal the resources necessary to outbid a foreign government? Of equal concern is the ability of Thomson to tap into the French treasury to subsidize LTV in order to gain United States market share at the expense of United States producers. Our defense contractors already face intense foreign competition, some from companies owned by foreign governments. I cannot imagine why we would willingly open the door to a huge increase in this unfair competition.

The proponents of this deal have pointed out that Thomson fully intends to maintain LTV's production facilities here in the United States, so that no jobs will be lost, they say. What they fail to mention is the strong possibility that Thomson could eventually and subtly shift LTV subcontract work from United States suppliers to French suppliers, resulting in jobs lost in the United States and the further erosion of our second and third tier subcontractor base.

The more obvious problems concern the security of sensitive military technology. We must consider the possibility that Thomson could gain access to sensitive technology and export it worldwide, possibly to countries hostile to the United States. Thomson has a recent history of selling military equipment to such countries as Libya and Iraq. Apparently, these transactions were perfectly legal under French law, but they highlight the kind of problem we would face if this deal were to go through.

Of course, we also face the possibility that the United States and France might someday find themselves on opposite sides of an international crisis and we would then not have full control over one of our major domestic defense contractors. I am in no way suggesting that the French are not loyal allies, but we do have disputes with our friends, and I do not think it would be wise to give any country veto power over an important sector of our defense industry.

Certainly the French, I do not believe would ever allow the reverse situation to occur. They would not allow the sale of a French defense firm to an American company, much less one that was owned by the American Government. This is yet another case where our economic competitors are more than willing to take advantage of our open markets while they remain committed to protecting their own critical industries.

Since I first introduced S. 2704, I have learned that Thomson might be asked and could perhaps agree to an ownership arrangement called a voting trust. This is a device designed to protect the sensitive weapons technology from export and to prevent Thomson from using French Government funding to gain unfair advantage. Under a voting trust, Thomson would essentially purchase the company and then have absolutely nothing to do with its management or operation. This is obviously not what Thomson had in mind when they made their bid for the missile division, so we should ask ourselves why they would be willing to accept this extremely restrictive arrangement now. One explanation could be that they think they can get around the voting trust somehow. If that is true then the voting trust solves none of the concerns I have mentioned.

Another possibility is that Thomson is so far into this deal that they cannot back out now and would accept the voting trust to save face. If this is the case, then I do not think a disinterested, dissatisfied, absentee owner will be good for LTV missile division. But regardless of why they would agree to a voting trust, such an arrangement does not address the fundamental problem of allowing a foreign government-backed corporation to outbid U.S. investors for an American defense firm. United States national security is not for sale to the highest bidder.

The important questions to consider are: will this sale adversely impact the U.S. industrial base, and is there a significant risk of loss of U.S. Government control over sensitive weapons technologies? I say without a doubt the answer is yes, and no sort of paper construction, such as voting trust, can hide the fact that it is simply not, and will never be, in the best interest of the United States to allow foreigners to buy and control major sectors of our defense industry. There is no need to sell off these national security assets when willing and legitimate buyers exist here at home. The President should reject this deal and the Senate should take this opportunity to send the message that we do not intend to stand by while our most prized defense firms are snapped up by foreign governments.

Mr. President, I ask that Senator BENTSEN be named as a prime cosponsor of this measure.

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

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

The PRESIDING OFFICER. The Senator from West Virginia has 3 minutes 25 seconds.

Mr. BYRD. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BENTSEN. Mr. President, I request 3 minutes.

The PRESIDING OFFICER. The Senator from West Virginia controls the time.

Mr. BENTSEN. I would request 3 minutes.

Mr. BYRD. Mr. President, I understand also that Mr. SARBANES wishes to speak.

Mr. BENTSEN. He has been kind enough to defer to me for the moment.

Mr. SARBANES. How much time is remaining?

Mr. BYRD. Three minutes. I am going to try to get unanimous consent to get a little more time on both sides to accommodate my two friends.

Mr. LUGAR. Mr. President, perhaps I could assist the situation. We will not have speakers on our side other than comments that I make. So we would be prepared to give 7 minutes to the distinguished Senator from West Virginia for his distribution.

Mr. BYRD. I thank the distinguished Senator. I have a total of 10 minutes?

The PRESIDING OFFICER. The Senator now has 10 minutes and 21 seconds.

Mr. BYRD. I yield 3 minutes to the distinguished Senator from Texas.

Mr. BENTSEN. I thank the distinguished Senator for giving me time. I appreciate the fact that he has brought forth this amendment.

There is no question but what the Thomson Co. is trying to change the deal to a degree to alter congressional opposition to what they have been trying to do and trying to take over LTV, trying now to get a major American company to participate in the deal. In effect, they are trying to preempt what the CFIUS ruling would be on July 5.

I am delighted that we are talking about this amendment before we go out. The Byrd amendment fortunately gives us in the Congress an opportunity to express our opinion before we go out.

In my opinion the reported impending transformation of Thomson into a minority partner in the LTV deal by itself still does not necessarily remove legitimate concern of the prospect that sensitive U.S. military technology and know-how can find its way into the hands of a foreign government and commercial competitor that has an established track record of selling dangerous technologies to dangerous countries like Iraq. Before Iraq's invasion of Kuwait, Thomson and other French arms exporters with the strong encouragement of the French Government sold to Iraq a total of $20 billion in armaments, including complete factories, aimed at making Iraq ultimately self-sufficient as a military power. It was French know-how and materiel that also launched Saddam Hussein in his first effort to produce a usable nuclear weapon.

Thomson is owned by the French Government, and the French Government has long sought to compete successfully with the United States in the international arms market. Is LTV to be converted into yet another foreign competitor? I might also note the Franco-American relations, long adversely affected to France's withdrawal from NATO is the 1960's, and by such unfriendly behavior as Paris' refusal in 1986 to permit United States aircraft to overfly French territory on their way to retaliate against Libyan terrorist attacks, have deteriorated in recent months. France would never permit American acquisition of a major French arms manufacturer, yet the French expect to be able to acquire one of our own here.

So I strongly support what the distinguished chairman of the Appropriations Committee, the President pro tempore, is proposing here.

I yield the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, I thank the distinguished Senator from Texas who is the cosponsor of the original legislation.

Mr. President, I yield 3 minutes to the distinguished Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I appreciate the very able Senator from West Virginia yielding me some time.

Mr. President, I rise in strong support of the amendment which the chairman sent to the desk.

It is very important to understand that as to the Thomson Co., which is seeking to make this purchase, 60 percent of its shares are owned by the French Government and the French Government controls 75 percent of the company.

Interestingly enough, we have, in a sense, a principle we apply in this country, that the U.S. Government does not own the defense producers, companies that produce. We have made the judgment that we do not want our Government owning the manufacturers of these defense products. Yet, with respect to this sale, with all of the implications of selling abroad, we now also are going to depart from the proposition with respect to government ownership of these companies.

We were presented with a decision in the LTV case because of the bankruptcy proceedings. As it turned out, there was a good American offer that was made, a very good proposition was made, counteroffers were made, and of course the bankruptcy judge found himself, I guess, caught where he could look at only the dollars and cents in the calculation.

But it seems to me there is a broader issue involved which the very able chairman has discussed in this instance. We passed the Exon-Florio provision in the Trade Act of 1988, to authorize the President to suspend or prohibit any acquisition, merger, or takeover by or with foreign persons where such control might threaten the national security.

There are very important national security issues involved in this case. LTV is involved in some of the most sensitive of our defense technology. According to the Department of Defense, about 75 percent of LTV's missile division's gross annual revenue are derived from contracts that require access to prescribed information. That is top secret information.

The GAO did a study of this, and said that there is a generic issue of foreign government ownership of U.S. defense contractors.

The GAO testimony then went on and said the following:

> The U.S. Government does not own its own defense contractors. Thus, it is an appropriate question to ask whether it would be a good idea to have one of our prime defense contractors owned by a foreign-government-controlled company.

We do not even allow our own defense contractors to be owned by our Government, and now we face the issue whether we are going to let a major defense contractor be owned by a foreign government.

Mr. President, we ought to support the amendment of the distinguished Senator from West Virginia.

I thank him for yielding.

Mr. BYRD. Mr. President, I thank the distinguished Senator.

Mr. President, I ask unanimous consent that the name of Mr. DOLE be added as a cosponsor.

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

Mr. GRAMM. Mr. President, I want to make it clear I do not support or oppose the sale of LTV to Thomson.

We have a board in the Defense Department that is reviewing this sale. I think it is important we wait and look at their expert opinion and make a decision about our opinion of the sale at that point. I think it is very dangerous for the United States of America to be taking a position opposing foreign ownership.

We own more parts of more foreign defense firms than any other nation on the face of the Earth. We are the largest exporter and the largest joint producer of weapons in the free world—larger than any other nation. I think the policy embodied in this sense-of-the-Senate resolution is a xenophobic policy that does not bode well for the kind of vision we have for our place in the world, and its does not fit with the role we play in the world.

I may or may not ultimately support the Thomson purchase of LTV. If the Pentagon opposes it, I will certainly oppose it. If the Pentagon supports it, I will either support it or oppose it. I do not think we ought to be prejudging it solely on the basis of the nationality of the purchaser. I think that is a movement in the wrong direction, and it represents the kind of policy to which I object.

Mr. RIEGLE. Mr. President, I rise in support of the amendment offered by Senator BYRD that expresses the sense of the Congress that no foreign person should be permitted to purchase or otherwise acquire the LTV Aerospace and Defense Co. This amendment is similar to S. 2704 the bill introduced by Senator BYRD on May 13 which was referred to the Banking Committee which I chair.

On June 4 the Banking Committee held a hearing to review how the Bush administration is implementing the so-called Exon-Florio provision of the 1988 Omnibus Trade Act which was codified as section 721 of the Defense Production Act. That provision authorizes the President to suspend or prohibit any takeover of an American firm by a foreign interest, if the President determines there is credible evidence that foreign control would impair the national security. In 1988 President Reagan delegated responsibility for administering Exon-Florio to the Committee on Foreign Investment in the United States [CFIUS], a panel chaired by the Secretary of the Treasury.

During the almost 4 years that have passed since enactment of Exon-Florio very serious concerns that arisen about the way its provisions have been implemented by the Reagan-Bush administrations—which opposed its enactment. During the 1980's, under those administrations, foreign ownership of U.S. assets grew to become a public issue. Our low savings rate and massive budget and trade deficits meant that there was not enough domestic capital to spur the economic development necessary for an expanding economy and jobs for our workers. Countries which ran trade surpluses with the United States reinvested some of their dollars back into our country. We thus became a capital importing society during the 1980's and that meant increased foreign investment and foreign ownership of our assets. Congress' passage of Exon-Florio was a policy directive to the administration that not all U.S. companies should be open for purchase by foreigners.

Unfortunately the Reagan-Bush administrations have failed to heed Congress' views on this matter. Since enactment of Exon-Florio in 1988 over 700 notices of proposed foreign takeovers of U.S. companies have been filed with the CFIUS. The President has blocked only one of those takeovers—that of a small aerospace parts manufacturing firm by a company owned by the People's Republic of China only a few days after the Tiananmen Square massacre. The Reagan-Bush administration, blinded by its free trade and open in-

vestment ideology, has taken a much too narrow view of the authority Exon-Florio gives it. It has been an open season for foreign purchasers of U.S. high-technology companies. The President's own science adviser, Dr. Allan Bromley, warned policymakers that "our technology base can be nibbled from under us through a coherent plan of purchasing entrepreneurial companies."

Emboldened by the Reagan-Bush administrations' failure to have any investment policy, foreign-government-owned companies are now proposing to buy up U.S. defense companies. The French Government-owned Thomson-CSF has proposed buying the LTV Aerospace and Defense Co. This is not the free market at work. Two American companies wanted to buy LTV but were outbid by the French Government-owned company. If we allow this transaction to go through at what point do we step in to stop foreign governments from buying U.S. high-tech defense companies?

We should have a policy of not selling off defense companies, developed at U.S. taxpayer expense, to foreign government purchasers. So I support Senator BYRD's amendment that is designed to stop Thomson's takeover of LTV and also states a congressional finding that we should not allow foreign purchasers to buy U.S. business concerns critical to the U.S. defense industrial base.

There is an even larger issue regarding foreign investment that the administration is not addressing. That is whether there are certain other industry sectors or types of firms, other than defense ones, that we must preserve for U.S. ownership in order to safeguard our economic strength and industrial leadership. The failure of the administration to address this issue is part of its larger failure to have a national economic strategy for our country. It is my conviction that such a strategy must be developed and implemented if America is to remain a leading economic and political power in the 21st century.

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

Mr. President, while I have the floor, I understood the distinguished Senator from colleague was prepared to offer an amendment, and was hoping management could settle down on the time limit.

Mr. President, I will speak on behalf of our side of the aisle. There are no others who wish to speak.

We have followed carefully the arguments of the distinguished proponent of the amendment, those who have spoken on behalf of the proposition. We are comfortable with the fact that the President and the administration will make the right decisions.

There are procedures for determining these matters, but we are also pleased that the Senate is being given an opportunity through this amendment to give its opinion. In the judgment of this Senator, the amendment offered by the distinguished Senator from West Virginia is a good one. The advice that it conveys is sound. Therefore, on our side of the aisle, we are prepared to accept the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. BYRD. Mr. President, I am prepared to yield back our time.

Mr. President, I yield 1 minute to the distinguished Senator from Rhode Island [Mr. PELL].

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. PELL] is recognized.

Mr. PELL. Mr. President, I thank the Senator.

Mr. President, I hope that this amendment would be handled as a free-standing resolution instead as part of the bill. Currently, there is an object to doing that and hence the President pro tempore had offered it to this bill as a sense-of-the-Congress provision. In that connection, I remind my colleagues that the sense-of-the-Congress provisions are not deemed to be nongermane under the rules of the Senate.

Consequently, although the Byrd amendment does not relate to aid for the former Soviet Union, I do not move to table it on the germaneness grounds. I would add, it is truly an excellent amendment that deserves passage.

Mr. BYRD. Mr. President, I ask unanimous consent that the name of the distinguished senior Senator from Oklahoma [Mr. BOREN] be added as a cosponsor.

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

Mr. HOLLINGS. Mr. President, stopping Thomson's proposal to purchase LTV is the type of deal that the Commerce Committee envisioned when we added the Exon-Florio amendment to the 1988 Trade Act. Thomson's government ownership, record of arms sales to outlaw regimes and alleged violations of export control laws should be reason enough for CFIUS to recommend that the President block this transaction. Clearly, no special security arrangement could provide adequate protection from a company owned by a government that routinely engages in industrial espionage.

I understand that Thomson is now beginning to craft a deal leaving it with a minority interest. This last ditch effort shows that it is technology that Thomson is after and the realities of the marketplace have no impact on their decision. Any deal that leaves Thomson a significant ownership interest or active interest in LTV's Missile Division should be carefully scrutinized by CFIUS. I wouldn't want to see them sneak in the back door after the front door was closed.

I hope that in the interest of the employees of LTV's Missile and Aerospace Division and in the interest of expediting LTV's emergence from bankruptcy, there is a swift settlement that will protect the American defense industry and the jobs of American workers.

Mr. CHAFEE. Mr. President, the Senate is about to vote on an amendment dealing with the controversial sale of the LTV Corp.'s missile division to the French military company Thomson-CSF. This sale has been the subject of intense debate since the agreement between LTV and Thomson was signed in April of this year.

Regardless of whether or not this particular sale is a good idea, I believe that the process of review now underway by the Committee on Foreign Investment in the United States should be allowed to proceed, just as Congress envisioned when it established this committee process in 1988.

The members of the CFIUS panel, each of whom I suspect has at his or her disposal far more information than individual Senators have, are expected to arrive at a conclusion in July. I prefer to wait until that review process is complete before jumping into this matter; and thus I will not support this amendment.

Mr. BYRD. I am prepared to yield back the time.

Mr. LUGAR. We yield our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Carolina [Mr. SANFORD], necessarily absent.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Delaware [Mr. ROTH], are absent due to illness.

The result was announced—yeas 93, nays 4, as follows:

[Rollcall Vote No. 141 Leg.]

YEAS—93

Adams	Dole	Leahy
Akaka	Domenici	Levin
Baucus	Durenberger	Lieberman
Bentsen	Exon	Lott
Biden	Ford	Lugar
Bingaman	Fowler	McCain
Bond	Garn	McConnell
Boren	Glenn	Metzenbaum
Breaux	Gore	Mikulski
Brown	Gorton	Mitchell
Bryan	Graham	Moynihan
Bumpers	Grassley	Murkowski
Burdick	Harkin	Nickles
Burns	Hatch	Nunn
Byrd	Hatfield	Packwood
Coats	Heflin	Pell
Cochran	Hollings	Pressler
Cohen	Inouye	Pryor
Conrad	Jeffords	Reid
Craig	Johnston	Riegle
Cranston	Kassebaum	Robb
D'Amato	Kasten	Rockefeller
Danforth	Kennedy	Rudman
Daschle	Kerrey	Sarbanes
DeConcini	Kerry	Sasser
Dixon	Kohl	Seymour
Dodd	Lautenberg	Shelby

Simon	Stevens	Warner
Simpson	Symms	Wellstone
Smith	Thurmond	Wirth
Specter	Wallop	Wofford

NAYS—4

Bradley	Gramm
Chafee	Mack

NOT VOTING—3

Helms	Roth	Sanford

So the amendment (No. 2700) was agreed to.

Mr. BYRD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I ask unanimous consent that the name of Mr. EXON be added to the amendment as a cosponsor.

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

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, I commend Senator PELL and Senator LUGAR for their diligence in moving this bill forward. A number of amendments have been disposed of yesterday and today. It remains my intention to complete action on this bill today or before the Senate leaves for the Fourth of July recess.

I do not know how many Senators intend to offer amendments or wish to debate the bill, and I have no desire to in any way curtail any Senator's opportunity to do either. But I merely want to say that if a Senator does want to offer an amendment, that Senator has an obligation to come to the floor and offer the amendment. If a Senator wishes to debate the bill, that Senator has an obligation to do that.

Henceforth, having been on the bill now for 2 days, if we get to a point where no one is here to either debate the bill or offer amendments, I will, after consultation with the Republican leader, suggest to the managers that they proceed to third reading and finish the bill.

We also will complete action today on the conference report on extension of the unemployment insurance system. The House is, I am advised, now acting on that matter. An agreement was reached earlier today, pursuant to which I have the authority to go to that at any time today under a 1-hour time limitation. I will, of course, consult with the Republican leader before making the final decision, but we have already discussed it. I have advised him, and he concurs that it should be done as promptly as possible. I hope we will be getting that from the House soon.

Finally, we have an agreement to dispose of a resolution relating to the POW–MIA select committee's investigation under a short time limitation, and I expect that will be before the Senate soon.

So I encourage all Senators who wish to offer amendments to do so and to be prepared to proceed promptly. I hope the managers can get time limit agreements, where possible, for the disposition of the remaining amendments.

I thank my colleagues for their attention, and I again thank the managers.

I yield to the distinguished Republican leader.

Mr. DOLE. Mr. President, I understand the managers made good progress.

The next amendment to be offered by the Senator from Colorado [Mr. BROWN]. He has indicated he is willing to take 20 minutes equally divided, a time agreement. I think that is correct. So that will save some time.

I think then they are down to maybe two or three amendments that may take some time, and then, I wonder on the POW if we could not all cosponsor it. That is 100. That would save a rollcall, 15 or 20 minutes.

There are a number of my colleagues who keep looking at their watches, so if we can accommodate our colleagues in this instance, I would urge my colleagues who have amendments, as the majority leader said, to be here and offer them so we can complete action at a reasonable time this evening.

Mr. MURKOWSKI. Mr. President, if the majority leader would yield, I thank the majority leader. Let me compliment him for his statement addressing the order of business of the Senate.

I am not appealing to the majority leader. I am appealing to my colleagues, as one who is a western Senator. The reality of making a reservation change late in the day is that it is almost impossible. As a consequence, some of us, unless we are able to expedite the leader's schedule, clearly are not going to be able to travel tonight but will have to travel tomorrow, which will basically cancel events we have scheduled.

So I implore my colleagues to proceed in an expeditious manner with the amendments that are pending, out of consideration for those of us who have 12 to 13 hours of travel ahead of us.

I thank the leader and I yield the floor.

Mr. MITCHELL. Mr. President, if I could make one further point, every Member of the Senate has had lengthy and ample notice that the Senate would be considering this bill. It is matter of several days in excess of a week.

While any Senator, of course, has the right, and should be fully free to exercise the right, to offer an amendment, no Senator has the right to delay the Senate when any Senator who wants to offer an amendment has known the bill would be coming up and has now been up for 2 days.

While there are a number of Senators present, I have received a number of inquiries from Senators about the legislative schedule in the period between the Fourth of July and Labor Day. I will, as has been my practice, be sending out a letter following further consultation with the distinguished Republican leader. But it is very clear that, given the large volume of business remaining to be completed and the relatively short time within which to do so, that the schedule of Senate activities will require more time in session during that period.

Therefore, we will return to session on Monday, July 20. As I previously stated, there will be no votes on that day. However, thereafter during that legislative period, votes may occur at any time on any day, Monday through Friday, in which the Senate is in session. And that includes from Monday morning through Friday evening.

This is notice to every Senator in that regard. Votes may occur at any time on any day during which the Senate is in session without further notice, unless otherwise agreed to and announced in advance. That is going to be necessary in order to complete action on the many important measures that the Senate has remaining before it.

I thank my colleagues for their cooperation, Mr. President. I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

The Chair reminds the Senator from Colorado that while the Republican leader indicated there would be 20 minutes on this, there is no agreement by the body to that effect.

Mr. BROWN. Mr. President, my intent is to offer two amendments which I believe will be noncontroversial, and then proceed to one that I think may raise the interest of the body.

AMENDMENT NO. 2701

(Purpose: To express the Senate's intent to support the work of Junior Achievement to educate the youth of the newly independent states of the former Soviet Union in the ways of capitalism and free enterprise)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado [Mr. BROWN] proposes an amendment numbered 2701.

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

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

The amendment is as follows:

At the appropriate place in the bill, add the following new section:

SEC. . JUNIOR ACHIEVEMENT.

(a) FINDINGS.—The Congress finds that—

(1) the free enterprise system is the foundation of, and necessary for the preservation of, democracy;

(2) educating the citizens of the newly independent states of the former Soviet Union in the principles of free enterprise will encourage economic productivity and provide opportunities for entrepreneurship;

(3) Junior Achievement International has 37 member nations and has pilot programs in 20 other countries with 1.7 million participants worldwide;

(4) in 1992, the first year of operation, Junior Achievement International programs expect to reach 200,000 young people in the newly independent states of the former Soviet Union;

(5) Junior Achievement's mission to provide young people with practical economic education programs and experiences is consistent with U.S. foreign policy objectives;

(6) Russian President Boris Yeltsen has recognized the high success of Junior Achievement—Russia has requested that Junior Achievement be greatly expanded;

(7) Junior Achievement programs are a cost effective way to educate millions of young people in the newly independent states of the former Soviet Union in the free enterprise system.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that of the funds authorized to be expended by this bill, a portion should be made available for the purchase of books and materials and the development of educational programs by representative organizations of Junior Achievement International in the newly independent states of the former Soviet Union.

Mr. BROWN. Mr. President, this is a simple, straightforward amendment. It merely lists junior achievement as one of the projects that the President may consider in administering assistance to the former Soviet Union. It is a sense of the Senate only.

I believe it is important. Junior Achievement is capable of helping people understand the private enterprise system, particularly the young, not only of this Nation but of other nations. I think it will be a valuable assistance in helping to bring in understanding of a truly private economy to the Soviet Union.

The PRESIDING OFFICER. Is there further debate? The Senator from Indiana is recognized.

Mr. LUGAR. We support the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2701) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2702

(Purpose: To ensure the development of a private banking sector and a secondary market that will speed the privatization of the economies of the states of the former Soviet Union)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado [Mr. BROWN] proposes an amendment numbered 2702.

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

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

The amendment is as follows:

"SEC. . PRIVATE SECTOR DEVELOPMENT INITIATIVE.

(a) FINDINGS.—Congress finds that—

(1) the single greatest privatization initiative undertaken in the history of the United States resulted from the Homestead Act of 1862 which offered free land to anyone twenty-one years of age or older who would live on it for a minimum of five years and improve it;

(2) the newly independent states of the former Soviet Union are faced with the need for privatization on an equally massive scale;

(3) the most effective means of creating a market economy in the newly independent states of the former Soviet Union will come as modes and methods of production are owned by private men and women who are responsible for the success of their farms and businesses and for the improvement of their homes and neighborhoods;

(4) essential to the privatization of the economies of these countries is the availability of capital for the purchase of homes, farms and small businesses;

(5) the development of a market-based financial sector is essential to the formation of a market-based economy in the newly independent states of the former Soviet Union;

(6) the United States should take the lead in encouraging the establishment of secondary markets in the newly independent states of the former Soviet Union, to assist in the long-term process of privatization of large-scale industry;

(7) in developing programs to assist the privatization of the newly independent states of the former Soviet Union, the United States should concentrate primarily on using the skills of the United States' private financial sector personnel.

(b) DEVELOPMENT OF PRIVATE FINANCIAL SECTOR.—(1) The United States shall assist in the development of a market-based private-sector economy in the newly independent states of the former Soviet Union by:

Assisting in the development of standards for certification of lending institutions; for the making of loans by certified institutions, including uniform underwriting, security, appraisal, accounting and repayment standards for qualified loans;

Assisting in the development of programs to encourage microenterprise loans for small businesses, home mortgages and small farms;

Assisting in the development of secondary markets, including the development of securities laws, banking laws and regulations for the newly independent States;

Assisting in the development of laws that enforce the equivalent of fee simple ownership in real property and the equivalent ownership in personal property;

Assisting in the development of laws that enforce liens and mortgages on personal property and real property.

Mr. BROWN. Mr. President, the distinguished Senator from Michigan has already added a section to this bill dealing with banking matters. This would be complementary to that in some ways and, I believe, if adopted by the body would be integrated with it in the form it is offered in the bill.

This simply offers a sense of the Senate that we ought to include in our assistance to the Soviet Union—at least we authorize the administration to provide—advice and assistance with regard to developing a private banking system and specifically advice with regard to secondary market.

It does not earmark funds. It does not prescribe the details of it. But it merely makes it clear it is this kind of assistance and advice that is authorized.

Mr. LUGAR. We commend the Senator for a constructive amendment. We are prepared to accept it on this side.

The PRESIDING OFFICER. The Senator from Rhode Island.

AMENDMENT NO. 2702, AS MODIFIED

Mr. PELL. Mr. President, there is one question I would raise, about "The United States shall assist in the development"—should that not be "should," rather than "shall"?

Mr. BROWN. Let me say to the Senator, I think that is a very helpful, constructive observation.

I ask that it be so modified.

Mr. PELL. I urge it be modified.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

The amendment (No. 2702), as modified, is as follows:

"SEC. . PRIVATE SECTOR DEVELOPMENT INITIATIVE.

(a) FINDINGS.—Congress finds that—

(1) the single greatest privatization initiative undertaken in the history of the United States resulted from the Homestead Act of 1862 which offered free land to anyone twenty-one years of age or older who would live on it for a minimum of five years and improve it;

(2) the newly independent states of the former Soviet Union are faced with the need for privatization on an equally massive scale;

(3) the most effective means of creating a market economy in the newly independent states of the former Soviet Union will come as modes and methods of production are owned by private men and women who are responsible for the success of their farms and businesses and for the improvement of their homes and neighborhoods;

(4) essential to the privatization of the economies of these countries is the availability of capital for the purchase of homes, farms and small businesses;

(5) the development of a market-based financial sector is essential to the formation of a market-based economy in the newly independent states of the former Soviet Union;

(6) the United States should take the lead in encouraging the establishment of secondary markets in the newly independent states of the former Soviet Union to assist in the long-term process of privatization of large-scale industry;

(7) in developing programs to assist the privatization of the newly independent states of the former Soviet Union, the Unit-

ed States should concentrate primarily on using the skills of the United States' private financial sector personnel.

(b) DEVELOPMENT OF PRIVATE FINANCIAL SECTOR—(1) The United States should assist in the development of a market-based private-sector economy in the newly independent states of the former Soviet Union by:

Assisting in the development of standards for certification of lending institutions; for the making of loans by certified institutions, including uniform underwriting, security, appraisal, accounting and repayment standards for qualified loans;

Assisting in the development of programs to encourage microenterprise loans for small businesses, home mortgages and small farms;

Assisting in the development of secondary markets, including the development of securities laws, banking laws and regulations for the newly independent States;

Assisting in the development of laws that enforce the equivalent of fee simple ownership in real property and the equivalent ownership in personal property;

Assisting in the development of laws that enforce liens and mortgages on personal property and real property.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment as modified.

The amendment (No. 2702), as modified, was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

AMENDMENT NO. 2703

(Purpose: To limit the use of the United States quota increase for the International Monetary Fund to the United States proportionate share of funding for new IMF programs for the independent states of the former Soviet Union)

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

The legislative clerk read as follows:

The Senator from Colorado [Mr. BROWN] proposes an amendment numbered 2703.

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

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

The amendment is as follows:

On page 44, strike all after line 11 through line 2 of page 45 and insert the following:

SEC. . INTERNATIONAL MONETARY FUND POLICY AND STAFFING CHANGES; LIMITATION ON THE INCREASE IN THE UNITED STATES QUOTA IN THE FUND.

(a) POLICY AND STAFFING CHANGES WITHIN THE IMF.—The Secretary of the Treasury shall instruct the United States Executive Director to the International Monetary Fund (hereinafter in this section referred to as the "Fund") to promote regularly and vigorously in program discussions and quota increase negotiations the following policy and staffing changes within the Fund:

(1) The development of social, resource, and environmental information to be considered during the process that any country seeking financial assistance from the Fund is subject to and which shall be taken into account in policy formulations.

(2) The establishment of an independent audit department, that would include national development experts, free-market experts, poverty experts, and environmental experts, to review systematically the policy prescriptions recommended and required by the Fund. The purposes of such a department would be (A) to determine whether the fund's objectives were met, and (B) to evaluate the impacts of the implementation of the policy prescriptions. This department should have broad powers to review all ongoing programs and activities of the Fund and to assess the effects of Fund-supported programs, country-by-country, with respect to national economic development, poverty, free-market growth, natural resources, and the environment. The audits should be made public.

(3) The establishment of procedures that ensure the focus of future economic reform programs approved by the Fund on policy options that increase the productive participation of the poor in the economy, the development of microenterprise businesses, development of small family farms, the promotion of fair access to economic resources and necessary social services for the population.

(4) The establishment of procedures for public access to information. These procedures shall seek to ensure maximum possible access of the public to information while paying due regard to appropriate confidentiality. Policy Framework Papers and the supporting documents prepared by the Fund's mission to a country are examples of documents that should be made public at an appropriate time and in appropriate ways.

(5) The institution of procedures to analyze the costs and benefits of structural adjustment and stabilization programs so as to reflect losses in the natural resources base and the contribution such resources make to the well-being of the local population to whom services are provided.

(b) PROGRESS REPORT.—No later than 30 days after the end of each fiscal year, the Secretary of the Treasury shall submit a report to Congress on the following:

(1) The actions that the United States Executive Director and other officials have taken to convince the Fund to adopt the elements of this Act through formal initiatives before the Board and management of the Fund, through bilateral discussions with other members nations, and through any further quota increase negotiations.

(2) The status of the progress being made by the Fund in implementing the objectives of subsection (a).

(3) The reasons why the United States Executive Director of the Fund supported or opposed a Fund program and an explanation of how such action is consistent with the purpose of this Act.

(c) STUDY.—The Secretary of the Treasury shall conduct a study to propose ways that, consistent with the Articles of Agreement, the Fund could broaden the involvement and participation of important ministries, national development experts, environmental experts, freemarket experts, and other legitimate experts and representatives from the loan-recipient country in the development of Fund programs.

(d) PREFERENTIAL ALLOCATIONS WITHIN THE IMF.—The Secretary of the Treasury shall instruct the United States executive director of the Fund to promote, in the allocation of funding, a preferential allocation to each country that applies significant efforts to establish effective democratic processes that allow for active popular participation the determination of a country's economic policies.

(e) AMENDMENT TO THE BRETTON-WOODS AGREEMENTS ACT.—The Bretton-Woods Agreement Act is amended by adding at the end thereof the following new sections:

"SEC. 56. QUOTA INCREASE.

"(a) INCREASE AUTHORIZED.—(1) The United States Governor of the Fund is authorized to consent to an increase in the quota of the United States in the Fund up to an equivalent to 8,608,500,000 Special Drawing Rights, except that the amount of such increase may not exceed an amount equal to the United States proportionate share of the increase in lending by the Fund to the independent states of the former Soviet Union.

"(2) As used in this subsection, the term 'United States proportionate share' means the proportion that the United States quota in the Fund bears to the aggregate amount represented by the quotas of all member countries of the Fund.

"(b) BUDGET ACT COMPLIANCE.—The authority of subsection 9a) may be exercised only to such extent or in such amounts as may be provided in advanced in appropriations Acts.

"SEC. 57. ACCEPTANCE OF AMENDMENTS TO THE ARTICLES OF AGREEMENT OF THE FUND.

"The United States Governor of the Fund is authorized to consent to the amendments to the Articles of Agreement of the Fund approved in resolution numbered 45-3 of the Board of Governors of the Fund.".

The PRESIDING OFFICER. The Chair will indicate to the body that there is no time agreement even though there has been talk about a time agreement.

UNANIMOUS-CONSENT AGREEMENT

Mr. BROWN. Mr. President, I ask unanimous consent that debate concerning this amendment be limited to a total of 20 minutes, with 10 minutes being allocated on each side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator from Colorado is recognized.

Mr. BROWN. Mr. President, this important measure that is before the Senate is thought of and has been billed as an effort to assist the republics of the former Soviet Union. It is an effort I think we all feel strongly about and one we understand the importance of.

It is an opportunity, indeed, to assist our former adversaries in the cold war into not only a private economy and democracy but into a state where they will join us in protecting freedom around this globe. Thus, it is a wise investment, one of which I have been supportive.

But I believe the bill that is before us is not very clear in its real purpose. The amount of assistance to the republics of the former Soviet Union is a small caboose on the train of the International Monetary Fund. The enormous load on the taxpayers and the enormous significance of this bill is not in the assistance to the former Soviet Union, it is in the huge increase in the International Monetary Fund. It is in effect being carried along by a project

and an endeavor I think almost all of us support.

Let me be specific, Mr. President. It is not the $600 million of assistance to the former Soviet Union that I believe is controversial here. That I think has broad support. What is controversial is a $12 billion increase in our quota for the International Monetary Fund.

Mr. President, it is quite simply a cause without a reason. It is an increase without a justification. We have considered this measure in the past and I think just a brief review of that debate is appropriate.

In 1990 when we talked about this, we were told we had to have the increase in the International Monetary Fund because of the gulf crisis and the huge increase in oil prices. The fact was we did not have a huge increase ultimately. That settled out, and the increase in the fund was not justified nor needed because of that basis. Then we were told that Eastern Europe's transition would necessitate a $12 billion increase in the fund. But, Mr. President, the facts are that is not true. There has been an increase in loans to Eastern Europe but that has been fully accomplished within the parameters of the fund's resources already.

Mr. President, we were then advised that we needed to strengthen the international effort to assist Latin America. And yet that reasoning proves to be invalid as well. Venezuela and Mexico, key debtors in this area, are making real progress in settling their debts. Honduras has made an effort to clear up their arrears. Peru and Panama, which showed $1.2 billion in arrears, are meeting their obligations to the fund. Again, a reason given for a huge increase in the International Monetary Fund turns out not to have been a justification.

Fourth, we have talked about supporting reforms in the International Monetary Fund and assistance there to alleviate the poverty in Africa. But, Mr. President, that reason falls as well.

The truth is that many of the accounts that are dealing with the problems in Africa are not immediately affected by the International Monetary Fund. The simple fact is this: This International Monetary Fund increase is neither justified, nor explained, nor needed.

The real reason that people are worried about the International Monetary Fund is the very nature of the concept behind it: Making huge loans unsecured to people who cannot pay them back. That is not good banking practice. It does not take a Ph.D. from Harvard, it does not take a banking specialist to tell you making unsecured loans to people who cannot pay them back is a bad idea.

Some will say, gee, their record of losses is so small, almost nonexistent, how can you have concern about making unsecured loans? Mr. President, as of January 31, we had $4.789 billion in arrears: Cambodia, Panama, Peru, Sierra Leone, Somalia, Sudan, Vietnam, Zaire, Zambia, a variety of countries totaling $4.789 billion.

The truth is they have a lousy loan policy. The truth is it is utterly absurd to make loans unsecured to people who cannot pay them back. This is a drain on the public treasury. It is not justified by our efforts to assist the Soviet Union. And what we do in this amendment is quite simple, we simply say we will go along with the entire $12 billion increase in the International Monetary Fund in authorization, but the President shall only commit to the International Monetary Fund that money that is needed to fund the loans to the former Soviet Union. This gives the President all the money he needs to increase IMF for loans to the former Soviet Union, but it requires him to come back here for additional authority to make other loans.

We ought to ask that this money be used for what it is billed for. We are willing to fund the additional loans to the former Soviet Union, but we are not willing to fund other loans, stealth loans, loans that are not going to be valid, loans that are of concern.

Mr. President, in addition, there are some reasonable efforts in this to provide for environmental protections and concern for the International Monetary Fund and its policies.

I want to simply say this: We have received an endorsement from a large number of groups, including the League of Conservation Voters, the Friends of the Earth, and a variety of other environmental groups. I have three letters, Mr. President, that I ask unanimous consent be printed in the RECORD.

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

LEAGUE OF CONSERVATION VOTERS,
Washington, DC, July 2, 1992.

U.S. SENATE,
Washington, DC.

DEAR SENATOR: As the Senate considers the Russian Aid bill, the League of Conservation Voters feels it is important that the International Monetary Fund (IMF) improve its environmental performance if it is going to play a lead role in this aid package. An amendment proposed by Senators Brown and Kasten would help to ensure that the IMF considers the environmental impacts of its lending and that it should not get a large quota increase beyond what is necessary to aid Russia until it puts in place measures to take better account of the social and environmental consequences of its lending.

Major national environmental organizations are supporting the Brown-Kasten amendment, including the Sierra Club, the National Wildlife Federation, the Environmental Defense Fund, Friends of the Earth, and the Natural Resources Defense Council.

The League of Conservation Voters is looking at the Brown-Kasten amendment for potential inclusion as a critical environmental vote on the next National Environmental Scorecard, to be released this October. If you have any questions concerning this amendment, please contact Dr. Brent Blackwelder at Friends of the Earth (202/544-2600). Thank you for your consideration.

Sincerely,

JIM MADDY,
Executive Director.

FRIENDS OF THE EARTH, ENVIRONMENTAL POLICY INSTITUTE, OCEANIC SOCIETY,
Washington, DC, July 1, 1992.

Hon. HANK BROWN,
Senate Office Building, Washington, DC.

DEAR SENATOR BROWN: Friends of the Earth supports your effort to amend the Russian Aid Bill to help ensure that the IMF pays attention to the social and environmental effects of its lending.

In particular, we support the limitation of the quota increase to only as much as is necessary for the U.S. fulfill its share of the Russian aid package, as you proposed.

The coalition of organizations supports your amendment to the Russian Aid Bill.

Sincerely,

BRENT BLACKWELDER,
Vice President for Policy.

THE RUSSIAN AID BILL AND THE INTERNATIONAL MONETARY FUND

Dear Senator: The Russian Aid Bill is expected to come to the floor today. The most notable part of this bill is the approval of an additional $12 billion contribution to the International Monetary Fund. We are expecting the enclosed amendment to be included with the bill and are asking that you support it.

The amendment reiterates the required policy and staffing changes within the IMF as legislated in PL 101-240 (November 1989) and PL 101-167 (December 1989). Specifically the amendment requires structural changes within the IMF to evaluate its effectiveness and increase its accountability, especially as regards the social and environmental impact of its programs. These changes are essential to make the IMF more effective in creating a stable macro-economic framework necessary for sustainable growth.

The IMF, as currently functioning is not successful in meeting its goals of reducing third world debt or promoting sustainable economic growth. Instead, the IMF has imposed economic programs which have lead to social unrest and contributed to the destruction of environmental resources.

It is essential to condition the approval of any future funding for the IMF. The IMF should be required to (1) establish an independent Audit Department in the IMF, (2) carry out social and environmental impact studies, (3) include the participation of pertinent ministries and popular organizations in the design of IMF programs, (4) reform their cost benefit analysis to reflect true environmental costs and (5) after one year submit a public report evaluating the Fund's strategy for leading Russia to sustainable economic growth without depleting environmental resources or putting an extra burden on the poor. The report should also assess the effectiveness of the IMF program and its impact in social sectors.

Congress, in its desire to aid the Russian people, should seek an aid package that will wisely spend taxpayers' money and contribute to a healthy Russian economy and her people's welfare. The structural reforms of the IMF in the proposed amendment are an important measure to meet these goals. We request your support for this important amendment and will be pleased to provide

any additional information on the issues addressed.

Sincerely,

BRENT BLACKWELDER,
Vice President for Policy.

Mr. BROWN. Mr. President, at this point I would like to yield 1 minute to the distinguished Senator from Mississippi [Mr. LOTT].

The PRESIDING OFFICER. The Senator from Mississippi is recognized for 1 minute.

Mr. LOTT. Mr. President I thank the Senator yielding me this time and in 1 minute I cannot say too much but I do want to endorse this amendment by Senator BROWN.

Frankly, I have serious reservations voting for this legislation for the very reasons he pointed out. I am willing to vote for some direct support to Russia, but I think we are using this very small amount of assistance to Russia, $620 million in the direct aid plus, I understand, about a billion from IMF to pull through something that has not been able to get through Congress in other ways. That is a $12.3 billion replenishment for IMF.

I have serious reservations about the International Monetary Fund, about the arrearages they have, about countries that own them moneys in arrears, and also about their policies. IMF has a record of trying to impose policies on governments that do not help them quite often, that actually hurt them. So I am prepared to support reasonable assistance to Russia in areas of agriculture and defense but not $11.3 billion for other countries through IMF. I urge the adoption of this amendment.

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

The PRESIDING OFFICER. Two minutes and 37 seconds remaining.

Mr. BROWN. I yield a minute-and-a-half to the distinguished Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. KASTEN. Mr. President, I think it is important to point out this amendment has essentially two parts: One is a limit on the quota increase, it limits the increase to the amount necessary to implement the aid package for the former Soviet States.

The second is the establishment of international environmental guidelines. The international guidelines for the IMF that is proposed in this amendment are similar to, if not identical to, the guidelines which Senator LEAHY and I have established or other multilateral institutions over the past several years, as we have been working to reform these institutions, the same kind of environmental requirements that we have applied to the multilateral development banks.

The amendment, as I said, limits the quota increase to the IMF to the necessary amount to meet the assistance to the former Soviet Union. So at a time when we are considering legislation to expand the role of the IMF, I think it is critical we make them responsible for the environmental consequences of their actions. These guidelines are now in place for other multilateral development banks.

This amendment is supported by the environmental community, it is consistent with the environmental reforms that we have already adopted elsewhere, and I think it is important that it be adopted.

The amendment provides for a number of environmental reforms of the IMF. The reforms include a number of specific policy and personnel changes.

They are as follows:

The development of environmental assessments as a required element of project and policy formulation;

The establishment of an independent audit authority with experts in environment and poverty to determine: First, if the fund's objectives are being met; and second, to evaluate the social and economic impacts of country programs;

The establishment of procedures that increase the productive participation of poor in the economy;

The establishment of procedures for appropriate access to information; and

The institution of accounting procedures that quantify degradation in the value of natural resources.

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

Mr. KASTEN. Mr. President, I ask unanimous consent that a letter from the League of Conservation Voters be printed in the RECORD.

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

LEAGUE OF CONSERVATION VOTERS,
Washington, DC, July 2, 1992.

U.S. Senate,
Washington, DC.

DEAR SENATOR: As the Senate considers the Russian Aid bill, the League of Conservation Voters feels it is important that the International Monetary Fund (IMF) improve its environmental performance if it is going to play a lead role in this aid package. An amendment proposed by Senators Brown and Kasten would help to ensure that the IMF considers the environmental impacts of its lending and that it should not get a large quota increase beyond what is necessary to aid Russia until it puts in place measures to take better account of the social and environmental consequences of its lending.

Major national environmental organizations are supporting the Brown-Kasten amendment, including the Sierra Club, the National Wildlife Federation, the Environmental Defense Fund, Friends of the Earth, and the Natural Resources Defense Council.

The League of Conservation Voters is looking at the Brown-Kasten amendment for potential inclusion as a critical environmental vote on the next National Environmental Scorecard, to be released this October. If you have any questions concerning this amendment, please contact Dr. Brent Blackwelder at Friends of the Earth (202/544-2600). Thank you for your consideration.

Sincerely,

JIM MADDY,
Executive Director.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, at this point I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I simply alert all Members that this is a critical amendment for the entire Freedom Support Act. I do not know how to state it any more strongly. But the adoption of this amendment effectively guts the IMF section, and the basic point, at least, of the entire act is to facilitate the possibility of the former republics coming back into the world via IMF loans. IMF means multination, all countries participating with the United States.

Let me be very specific, Mr. President, about my objection. I have no objection to the environmental guidelines, and I understand and support all who favor the environment in the resolution of the Senator from Colorado. But the problem is that any provisions—in fact there are no provisions in the International Monetary Fund for subscribing only to a portion of one country's quota increase.

In these circumstances, if we were to take this amendment on its face, the IMF could not accept the limited subscription. The United States could not participate in the quota increase. And without the United States support, the entire quota increase cannot go into effect. It is just that devastating, Mr. President.

Now, the author of the amendment may not have intended to render the IMF totally out of the picture, or really to gut a vital of the bill, but in effect the amendment does just that. Our Government could not subscribe to the amendment. The U.S. Treasury, the administration strongly opposes the amendment, finds that it totally disables the work that we are about.

Let me just add, Mr. President, even if the IMF could accept a reduced United States participation in this situation, we, as the United States, our country, have vital interests globally, not just in the former Soviet Union. Clearly, the action of this amendment will provide loss of our veto power at the IMF, loss of the prestige we have in guiding other loan results, and as a matter of fact our veto over the long run has really ensured what we believe is some responsibility, some responsiveness to U.S. foreign policy interests at the IMF.

So while in fact the proponents of this bill are attempting to get greater responsiveness, my argument is they lose it all. They kick it away in a vindictive way to try to somehow send

messages to the IMF via the Freedom Support Act.

Let me just say the IMF, obviously, without our subscription, and it could not be accepted, would have to scale back its lending and as a result good results in our own hemisphere that have come from IMF loans in addition to worldwide pluses in the Eastern European countries, for example, also are weakened very substantially.

Mr. President, I cannot see any foreign policy benefits whatsoever in this amendment. I appreciate that for a long time the Senate has voted about the efficacy of the IMF. We have gone down this trail and gained authorization only to find the bills that carried IMF at least in this Congress have not made it across the finish line; namely, the foreign aid bill passed this body at least twice originally in conference, finally failed in the House.

But now, Mr. President, we are at a crucial moment. This is serious business. Either we are in favor of attempting to help the former Republics in the sense that the IMF loans bring new vigor so that our business interests have an opportunity to participate, our exports expand, our influence expands. If we are not in favor of that, then very clearly adoption of this amendment will achieve a very severe loss of our influence, a very severe debilitation of the IMF, and I would contend a loss of our influence in almost every continent in which in a multinational way we have been effective.

Mr. President, I cannot state it more strongly. This is a critical juncture in the Freedom Support Act. Those who are opposed to this amendment I hope will speak out and vote accordingly. At the appropriate moment, Mr. President, after all time has been given back, I will move to table the Brown amendment.

I yield 2 minutes to the distinguished Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I am very appreciative of the Senator from Indiana yielding. I am in strong support of the comments he has made in opposition to the amendment of the Senator from Colorado. I can fully appreciate Senator BROWN's concerns of wanting to speak to the effectiveness of the International Monetary Fund, our concerns about that large of a quota increase.

But, Mr. President, I would like to say it is not only going to hurt our own standing within the IMF but it is going to hurt the work which is being done by the International Monetary Fund in Eastern Europe, in Latin America, and in Africa. While it is not immediately apparent, it could be absolutely, totally damaging in these other areas where we must have this quota increase along with that that has been given by the other contributors, and that is all of our major allies in the International Monetary Fund.

Senator BROWN spoke of the fact there was not an immediate problem that would be affected in Africa. But let me tell you it would because it is long-term restructuring that counts. I would just like to mention two countries that would be placed in really significant hardship if they were not able to draw upon this quota increase, one of them being Zambia, which held the first multiparty elections in its history, a peaceful transition of power, and Benin, which has undergone a dramatic democratic and economic transition.

I think the reason it is important to support this quota increase—and if at any time it has been important, it is now—is because of the need for our economic restructuring where possible. If it will fail, then we will fail also, and I think it is very important that this arcane subject, which is difficult to understand, must be understood in the light of the importance to us and countries we are trying to help.

I yield the floor.

Mr. BROWN addressed the Chair.

Mr. LUGAR. How much time remains, Mr. President?

The PRESIDING OFFICER (Mr. PELL). Two-and-one-half minutes for the opponents, 45 seconds for the supporters.

Mr. LUGAR. I yield 2 minutes to the distinguished Senator from Illinois.

Mr. SIMON. Mr. President, I am pleased to join Senator LUGAR and Senator KASSEBAUM in opposing this amendment. Senator KASSEBAUM just talked about Africa. One of the little known facts is that democracy is sweeping Africa. The Senator from Colorado just mentioned Zambia. They now have a multiparty system. They have had a free election.

The President is doing the right thing, and all of a sudden we want to say to the IMF, sorry, we cannot help you.

I would also like to insert into the RECORD, Mr. President, a letter from former Presidents Jimmy Carter, Richard Nixon, and Gerald Ford, all of whom support the full authorization. They say, "Since the IMF quota legislation has no budgetary impact, tight budgets cannot be reason for delay. The approaching election may make foreign assistance controversial but America's position in the world requires us all to demonstrate political courage on this issue."

I think it is imperative that this amendment be rejected and that we do the responsible thing.

Mr. LUGAR. I yield whatever time remains to the distinguished Senator from Kentucky.

Mr. MCCONNELL. Mr. President, this is a killer amendment. If we really want to pass this Russian aid bill, we need to defeat this amendment. This is a no outlay contribution. This is a critical component, a part of this legislation. This is an extremely important amendment. The IMF quota will support major privatization, structural and market promotion activities, throughout the Republics. We simply will not have, in the judgment of the Senator from Kentucky, a real Russian aid package, a real Freedom Support Act, if this amendment is agreed to.

Yogi Berra used to say it is deja vu all over again. I enjoyed debating this with my friend from Colorado on the foreign aid bill last summer. It was a critical part of that debate.

Mr. President, I certainly urge the amendment be rejected.

Mr. BROWN. Mr. President, let us emphasize this does not interfere with the loans of the former Soviet Union whatsoever at all, in any way. It clearly provides for all of them. What it does not do is give them a blank check to go out and loan security unsecured to other people.

One ought to note that there are $31 billion in money available to loan from the IMF right now that is on tap; that they have the potential of borrowing another $76.4 billion in addition to that if they need to. In addition, they have $38 billion of additional money in gold reserves.

This amendment is endorsed by the Citizens Against Government Waste, Friends of the Earth, Bread for the World, CARE, Center for Concern, the Development Gap, the Environmental Defense Fund, National Resource Defense Council, National Wildlife Federation, the Sierra Club, and the Americans for a Balanced Budget.

Mr. LUGAR. Mr. President, I move to table the Brown amendment and ask for the yeas and nays.

The PRESIDING OFFICER (Mr. SIMON). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana to lay on the table the amendment of the Senator from Colorado. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Carolina [Mr. SANFORD] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Delaware [Mr. ROTH], are absent due to illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. HELMS] would vote "nay."

The result was announced—yeas 77, nays 20, as follows:

[Rollcall Vote No. 142 Leg.]

YEAS—77

Adams	Baucus	Biden
Akaka	Bentsen	Bingaman

Bond	Gore	Murkowski
Boren	Gorton	Nunn
Bradley	Graham	Packwood
Breaux	Gramm	Pell
Bryan	Harkin	Pryor
Bumpers	Hatch	Reid
Burdick	Hatfield	Riegle
Burns	Heflin	Robb
Byrd	Inouye	Rockefeller
Chafee	Jeffords	Rudman
Coats	Johnston	Sarbanes
Cochran	Kassebaum	Sasser
Cohen	Kennedy	Seymour
Cranston	Kerrey	Shelby
Danforth	Kerry	Simon
Daschle	Kohl	Simpson
Dodd	Lautenberg	Specter
Dole	Levin	Stevens
Domenici	Lieberman	Thurmond
Durenberger	Lugar	Warner
Exon	McConnell	Wellstone
Ford	Metzenbaum	Wirth
Garn	Mitchell	Wofford
Glenn	Moynihan	

NAYS—20

Brown	Grassley	Mikulski
Conrad	Hollings	Nickles
Craig	Kasten	Pressler
D'Amato	Leahy	Smith
DeConcini	Lott	Symms
Dixon	Mack	Wallop
Fowler	McCain	

NOT VOTING—3

Helms	Roth	Sanford

So the motion to lay on the table the amendment (No. 2703) was agreed to.

Mr. MITCHELL. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The distinguished majority leader.

UNANIMOUS-CONSENT AGREEMENT—S. 250

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate receives from the President a veto message with respect to the passage of S. 250, a bill to establish national voter registration procedures for Federal elections, the message be spread upon the Journal and temporarily laid aside until the time to be determined by the majority leader, after consultation with the Republican leader, but not earlier than July 28, 1992.

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

Mr. MITCHELL. Mr. President, I thank my colleagues.

The PRESIDING OFFICER. The distinguished Senator from Wisconsin.

AMENDMENT NO. 2704

(Purpose: To propose policy and staffing changes in the International Monetary Fund (IMF))

Mr. KASTEN. 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 Wisconsin [Mr. KASTEN], for himself, Mr. BROWN, Mr. HARKIN, and Mr. WELLSTONE proposes an amendment numbered 2704.

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

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

The amendment is as follows:

On page 52, after line 13, add the following:

SEC. . INTERNATIONAL MONETARY FUND POLICY AND STAFFING CHANGES.

(a) POLICY AND STAFFING CHANGES WITHIN THE IMF.—The Secretary of the Treasury shall instruct the United States Executive Director to the International Monetary Fund (hereafter in this section referred to as the "Fund") to promote regularly and vigorously in program discussions and quota increase negotiations the following policy and staffing changes within the Fund:

(1) The development of social and environmental impact assessments as a required element of the process that any country seeking financial assistance from the Fund is subject to and which shall be taken into account in policy formulations.

(2) The establishment of an independent audit department, that would include poverty and environmental experts, to review systematically the policy prescriptions recommended and required by the Fund. The purposes of such a department would be (A) to determine whether the fund's objectives were met, and (B) to evaluate the social and environmental impacts of the implementation of the policy prescriptions. This department should have broad powers to review all ongoing programs and activities of the Fund and to assess the effects of Fund-supported programs, country-by-country, with respect to poverty, economic development and environment. The audits should be made public as appropriate with due respect to confidentiality.

(3) The establishment of procedures that ensure the focus of future economic reform programs approved by the Fund on policy options that increase the productive participation of the poor in the economy.

(4) The establishment of procedures for public access to information. These procedures shall seek to ensure access of the public to information while paying due regard to appropriate confidentiality. Policy Framework Papers and the supporting documents prepared by the Fund's mission to a country are examples of documents that should be made public at an appropriate time and in appropriate ways.

(5) The institution of procedures to analyze the costs and benefits of structural adjustment and stabilization programs so as to reflect losses in the natural resources base and the contribution such resources make to the well-being of the local population to whom services are provided.

(b) PROGRESS REPORT.—As part of the annual report, the Secretary of the Treasury shall submit a report to Congress on the following:

(1) The actions that the United States Executive Director and other officials have taken to convince the Fund to adopt the elements of this Act through formal initiatives before the Board and management of the Fund, through bilateral discussions with other member nations, and through any further quota increase negotiations.

(2) The status of the progress being made by the Fund in implementing the objectives of subsection (a).

(3) The reasons why the United States Executive Director of the Fund supported or opposed a Fund program with a significant environmental impact, and an explanation of how such action is consistent with the purpose of this Act.

(c) STUDY.—The Secretary of the Treasury shall conduct a study to propose ways that, consistent with the Articles of Agreement, the Fund could broaden the involvement and participation of important ministries, national development experts, environmental experts, free-market experts, and other legitimate experts and representatives from the loan-recipient country in the development of Fund programs.

The PRESIDING OFFICER. The distinguished senior Senator from Wisconsin.

Mr. KASTEN. Mr. President, the last amendment had two parts. One part of the last amendment had to do with the quota increase of IMF. The last part had to do with environmental considerations for the IMF to follow. Those environmental considerations are identical to the environmental considerations which have already been attached and apply to other multilateral development banks.

My amendment takes out the first part of the Brown-Kasten amendment, that quota increase—there is no longer a limit on the quota increase—but establishes the second part of the Brown-Kasten amendment; that is, the environmental requirements. In a sense, this would say the IMF will have the same environmental requirements and considerations that are now present in other multilateral development banks. These requirements include things like the development of environmental assessments and policy formulation, establishment of independent audit authority, the establishment of procedures that increase the productive participation of poor in the economy, establishment of procedures for appropriate access to information, and other issues.

Mr. President, I supported the last amendment in part because I felt so strongly about this part of the amendment. Now we have split the amendment, and I am hopeful it is no longer controversial. Now it is only the environmental considerations for the IMF. I believe that they should be under the same basic guidelines and requirements that we have established for other multilateral development banks.

Mr. President, today I am offering an amendment which will apply the same kind of environmental requirements of the IMF that we apply to the Multilateral Development Banks.

At a time when we are considering legislation to expand the role of the IMF I believe it is critical we make them be responsible for the environmental consequences of their actions.

This amendment is supported by the environmental community and is consistent with environmental reforms we have already adopted elsewhere.

The amendment provides for a number of environmental reforms of the IMF. Those reforms include a number of specific policy and personnel changes. They are as follows:

The development of environmental assessments as a required element of project and policy formulation;

The establishment of an independent audit authority with experts in environment and poverty to determine: First, if the fund's objectives are being met; and second, to evaluate the social and economic impacts of country programs;

The establishment of procedures that increase the productive participation of poor in the economy;

The establishment of procedures for appropriate access to information; and

The institution of accounting procedures that quantify degradation in the value of natural resources.

This last provision, the enhancement of environmental accounting, is being undertaken at the MDB's as well as the United Nations. It is critical that we provide this enhanced accounting practice so that we can determine the real value of our aid programs.

All too often, these programs have shown an economic return on paper, but people are actually left worse off.

That is because the environmental resources have been squandered to promote short-term economic gain. In effect, many of these assistance programs have pushed nations to "eat their seed corn."

Clearly this is unacceptable.

This amendment is long overdue. Without it we will not have essential checks on the IMF to assure public funds are being wisely used.

I urge its immediate adoption.

The PRESIDING OFFICER. The distinguished senior Senator from Indiana.

Mr. LUGAR. Mr. President I commend the distinguished Senator from Wisconsin for an excellent amendment, and on our side we are prepared to accept the amendment.

The PRESIDING OFFICER. The distinguished chairman of the committee, Mr. PELL.

Mr. PELL. Mr. President, we think this is an excellent amendment. It enlarges the one which was previously passed with instructions on construction and development, taking into account environmental considerations in allocation of funds. What this does is tighten that up and enlarge it, and I am very happy to endorse it and support it.

The PRESIDING OFFICER. The managers have endorsed the amendment. Is there further debate?

The distinguished Senator from Iowa.

Mr. HARKIN. Mr. President, I compliment Senator KASTEN on this amendment. It is a great amendment. And I want to note Senator KASTEN cosponsored the amendment I offered earlier today on agribusiness centers, which was adopted.

This amendment focuses the IMF programs on those people who have been left out in the development process far too long. As Senator KASTEN said, it makes the environmental procedures that are already adhered to by the multilateral banks applicable to the IMF. Again I think it is a great amendment, and I compliment the Senator from Wisconsin for offering it.

I ask unanimous consent to be added as cosponsor of the amendment.

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

Is there further debate?

The distinguished Senator from Minnesota.

Mr. WELLSTONE. Mr. President, in less than 30 seconds I wish to echo the remarks of the Senator from Iowa, and I thank the Senator from Wisconsin for this amendment. I really had a difficult time voting against the prior amendment because of this part of it. I think it is very important to send a signal to the IMF about our concern about its policies and to involve people in other countries and really get serious about the environmental impact of much of where the loans and some of the subsidy is going. I think it is a very important amendment.

I ask unanimous consent to be included as an original cosponsor.

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

Mr. BROWN. Mr. President, I ask unanimous consent that I be added as a cosponsor.

I have taken notes on the great technique of the distinguished Senator from Wisconsin.

The PRESIDING OFFICER. The distinguished Senator from Colorado will be added as a cosponsor.

The question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment (No. 2704) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The distinguished President pro tempore.

AMENDMENT NO. 2705

(Purpose: To provide for eligibility of the Baltic States for nonlethal defense articles)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from West Virginia [Mr. BYRD], for himself, Mr. DOLE, Mr. PRESSLER, and Mr. D'AMATO, proposes an amendment numbered 2705.

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

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

On page 52, after line 13 add the following new section:

SEC. 21. BALTIC STATES ELIGIBILITY FOR NONLETHAL DEFENSE ARTICLES.

(a) ELIGIBILITY.—Estonia, Latvia, and Lithuania shall each be eligible—

(1) to purchase, or to receive financing for the purchase of, nonlethal defense articles—

(A) under the Arms Export Control Act (22 U.S.C. 2751 et seq.), without regard to section 3(a)(1) of that Act, or

(B) under section 503 of the Foreign Assistance Act of 1961 (22 U.S.C. 2311), without regard to the Presidential finding in subsection (a) of that section; and

(2) to receive nonlethal excess defense articles transferred under section 519 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321m), without regard to subsection (a) of that section.

(b) DEFINITIONS.—As used in this section—

(1) the term "defense article" has the same meaning given to that term in section 47(3) of the Arms Export Control Act (22 U.S.C. 2794(3)); and

(2) the term "excess defense article" has the same meaning given to that term in section 644(g) of the Foreign Assistance Act of 1961 (22 U.S.C. 2403(g)).

Mr. BYRD. Mr. President, I would be happy to enter into a time agreement on this amendment if anybody wishes.

The PRESIDING OFFICER. Is there an inclination on the part of the managers to agree to a time limitation with the distinguished senior Senator from West Virginia?

May I inquire of the distinguished senior Senator from West Virginia, have managers accommodated him on a time limitation?

Mr. BYRD. Mr. President, I ask unanimous consent that the time limitation be limited to 10 minutes on each side and no second-degree amendment be in order.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BYRD. Mr. President, I have offered this amendment on behalf of myself, Mr. DOLE, Mr. PRESSLER, and Mr. D'AMATO.

Mr. President, in 1989, Lithuania held the first free and open election to take place in Soviet-controlled territory in over 70 years. That election was followed shortly by elections in Latvia and Estonia. The peoples of these three tiny nations were the vanguard of change in what was once the Soviet empire. After 50 year of occupation and oppression, they led the way to freedom and democracy, not just with symbolic acts but with true heroism. In the January 1991 Soviet crackdown, many of them made the ultimate sacrifice by laying down their lives for the cause of freedom. We must not forget that sacrifice, and we must not forget how easily the fate of the Baltic nations was bargained away by Hitler and Stalin at the beginning of World War II.

Yesterday the Senate had lengthy debate on the question of Russian troops stationed on the territory of the independent Baltic nations. An amendment offered by Senators DECONCINI and PRESSLER, which I supported, did not prevail. That amendment would have

required the President to certify that Russia was making significant progress toward withdrawal of its troops. During the debate over the DeConcini-Pressler amendment and the substitute offered by Senator PELL, everyone recognized the problem that these troops present for the sovereignty of the Baltic states, and every Senator that spoke expressed a desire to see those troops withdrawn. The debate hinged on the degree of pressure that should be applied to Russia.

The amendment I am offering attempts to eliminate one of the excuses' that the Russians have used to justify their continued presence in the Baltic nations and to correct what I see as a shortcoming in our policy toward those states. This amendment makes the Baltic countries eligible to purchase nonlethal defense articles from the United States and to receive nonlethal excess defense article from the Defense Department. The Baltic Governments are basically developing their defense apparatus from scratch. They currently do not posses the ability to effectively patrol their own borders or coastlines. They have critical needs for such nonlethal items as jeeps, trucks, coastal patrol boats, and communications equipment. They do not even have enough uniforms or boots to clothe their small forces. The United States regularly transfers excess equipment of this type to a wide range of countries. The President recently added Poland, Hungary and Czechoslovakia to the list of eligible nations. In April, Senator HELMS and I wrote to Secretary Baker asking that Estonia, Latvia and Lithuania be accorded this eligibility. In a response dated June 10, the State Department informed us that the matter was being studied.

Unfortunately, while the State Department continues to study the situation, the Russian negotiators cite the inability of the Baltic countries to defend or even patrol their own borders as another reason they cannot yet withdraw the CIS forces from these countries. The troops stationed in the Baltic countries are barely what could be described as "border guards." They are, in fact the last vestiges of the old Soviet Union's forward deployed forces formerly targeted at NATO. I do not know why Russia would feel a need to maintain this capability simple for border guards, but if assisting the Baltic nations to develop their own border forces will encourage the withdrawal of those forces, then we should do what we can to help. There is no reason why the Baltic governments should be prevented from buying nonlethal defense articles or receiving excess nonlethal defense articles from the Department of Defense to equip modest self-defense forces.

The Baltic peoples have come a long way in the last last 2 years, but their journey to independents is not yet over. The United States must continue to support them in their efforts and I think this amendment does just that. This is a very small contribution to their efforts, but one that will be appreciated by and helpful to, the democratic nations of Estonia, Latvia, and Lithuania.

Mr. President, I ask unanimous consent that my letter to Secretary of State Baker, dated April 3, 1992, be printed in the RECORD along with a response, dated July 10, 1992, signed by Janet G. Mullins, Assistant Secretary, Legislative Affairs.

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

U.S. SENATE,
Washington, DC, April 3, 1992.

Hon. JAMES BAKER,
Secretary of State,
The Department of State,
Washington, DC.

DEAR SECRETARY BAKER: We are pleased that Estonia, Latvia, and Lithuania are eligible for U.S. technical and humanitarian assistance. However, officials from these governments have repeatedly requested U.S. assistance in modernizing their defense systems.

As you know, over 100,000 former Soviet troops remain stationed in the Baltic States. The Baltic governments are working to promote the peaceful withdrawal of these troops and to promote peace and security in the Baltic region. The inability of the Baltic States to provide for themselves even the most rudimentary level of border security, could be construed as a justification for delaying withdrawal of these troops.

We write to you requesting that Estonia, Latvia, and Lithuania be added to the list of countries eligible for non-lethal military sales and grants as outlined in Sec. 3 of the Arms Control Act and Sections 505 and 519 of the Foreign Assistance Act. We also urge the expansion of recent International Military Education and Training programs initiated with these three nations.

According to Sec. 3 of the Arms Export Control Act, the President may certify a country eligible for defense articles if he determines that the furnishing of defense articles and defense services to such country will strengthen the security of the United States and promote world peace. This certification is required before non-lethal defense articles can be transferred to the Baltic States.

It is our belief that grants and sales of nonlethal military defense articles to Estonia, Latvia, and Lithuania, our new European allies, are in the best interests of the United States. We, therefore, urge you to certify the Baltic States as eligible recipients and to send the necessary reprogrammings to Congress as soon as possible.

Sincerely,

ROBERT BYRD.
JESSE HELMS.

DEPARTMENT OF STATE,
Washington, DC, June 10, 1992.

Hon. ROBERT C. BYRD,
U.S. Senate.

DEAR SENATOR BYRD: The Secretary has asked me to reply to your letter of April 3, 1992 concerning certification of the Baltic states of Estonia, Latvia and Lithuania as eligible to receive non-lethal military sales and grants as outlined in Section 3 of the Arms Export Control Act (AECA) and Sections 503 and 519 of the Foreign Assistance Act (FAA). The Administration shares your desire to promote peace and security in the Baltic region and to assist these states in establishing effective democratic institutions.

We are presently studying how we could make the Baltic states eligible for non-lethal military sales and grants. We will make every effort to provide them with assistance they may require within the constraints of the Continuing Resolution for foreign assistance recently passed by the Congress. We will keep you advised of our progress toward this goal.

Sincerely,

JANET G. MULLINS,
Assistant Secretary,
Legislative Affairs.

Mr. BYRD. Mr. President, 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.

Mr. BYRD. I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from West Virginia reserves 4 minutes 16 seconds.

The opponents have 10 minutes.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I rise to commend the President pro tempore for an excellent amendment. On our side, we are prepared to accept the amendment.

The Senator has asked for a rollcall vote and has received that vote.

But I simply want to say this is a very useful amendment and important statement about the Baltic States and our concern for those states.

We support the amendment.

Mr. BYRD. Mr. President, I am not in the habit of just having the Senate uselessly and needlessly waste its time on rollcall votes. I think that is an important rollcall vote.

The PRESIDING OFFICER. The Senator from West Virginia has requested and been supported in his request for a rollcall. There will be one.

Mr. RIEGLE. Mr. President, before the Senator from West Virginia yields back his time, I ask unanimous consent to be added as a cosponsor.

The PRESIDING OFFICER. The Senator from Michigan will be added as a cosponsor.

Mr. PELL. Mr. President, this is a good amendment. I am glad to support it. It is cleared on our side.

The PRESIDING OFFICER. The distinguished Senator from Rhode Island support the amendment. Both managers support the amendment.

Is there any further debate?

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

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

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

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

The bill clerk called the roll.

Mr. FORD. I announce that the Senator from New Jersey [Mr. BRADLEY] and the Senator from North Carolina [Mr. SANFORD], are necessarily absent.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Delaware [Mr. ROTH] are absent due to illness.

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

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 143 Leg.]

YEAS—96

Adams	Ford	Metzenbaum
Akaka	Fowler	Mikulski
Baucus	Garn	Mitchell
Bentsen	Glenn	Moynihan
Biden	Gore	Murkowski
Bingaman	Gorton	Nickles
Bond	Graham	Nunn
Boren	Gramm	Packwood
Breaux	Grassley	Pell
Brown	Harkin	Pressler
Bryan	Hatch	Pryor
Bumpers	Hatfield	Reid
Burdick	Heflin	Riegle
Burns	Hollings	Robb
Byrd	Inouye	Rockefeller
Chafee	Jeffords	Rudman
Coats	Johnston	Sarbanes
Cochran	Kassebaum	Sasser
Cohen	Kasten	Seymour
Conrad	Kennedy	Shelby
Craig	Kerrey	Simon
Cranston	Kerry	Simpson
D'Amato	Kohl	Smith
Danforth	Lautenberg	Specter
Daschle	Leahy	Stevens
DeConcini	Levin	Symms
Dixon	Lieberman	Thurmond
Dodd	Lott	Wallop
Dole	Lugar	Warner
Domenici	Mack	Wellstone
Durenberger	McCain	Wirth
Exon	McConnell	Wofford

NAYS—0

NOT VOTING—4

Bradley	Roth
Helms	Sanford

So the amendment (No. 2705) was agreed to.

Mr. MITCHELL. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Chair recognizes the majority leader.

RECESS OR ADJOURNMENT OF THE TWO HOUSES

Mr. MITCHELL. I ask unanimous consent that the Senate proceed to the immediate consideration of House Concurrent Resolution 343, the adjournment resolution, just received from the House.

The PRESIDING OFFICER. The clerk will report the concurrent resolution.

The legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 343) providing for an adjournment of the House from July 2 until July 7, 1992, and adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of the Senate from July 2 until July 20, 1992.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

AMENDMENT NO. 2706

Mr. MITCHELL. Mr. President, I send an amendment to the desk and ask that it be immediately considered.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Maine [Mr. MITCHELL] proposes an amendment numbered 2706.

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

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

The amendment is as follows:

Page 1, line 10, insert after "1992," the following: "or Friday, July 3, 1992,".

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

The amendment (No. 2706) was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution, as amended.

The concurrent resolution (H. Con. Res. 343), as amended, was agreed to, as follows:

H. CON. RES. 343

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on the legislative day of Thursday, July 2, 1992, it stand adjourned until noon on Tuesday, July 7, 1992, and that when the House adjourns on the legislative day of Thursday, July 9, 1992, it stand adjourned until noon on Tuesday, July 21, 1992, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns at the close of business on Thursday, July 2, 1992, in accordance with this resolution, it stand recessed or adjourned until Monday, July 20, 1992, at such time as may be specified by the Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

Mr. MITCHELL. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

UNEMPLOYMENT COMPENSATION EXTENSION—CONFERENCE REPORT

Mr. MITCHELL. Mr. President, pursuant to the authority vested in me under a prior agreement—and I just consulted with the distinguished Republican leader—I now ask that the Senate proceed to the consideration of the conference report to accompany H.R. 5260, the unemployment compensation extension.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5260) to extend the emergency unemployment compensation program, to revise the trigger provisions contained in the extended unemployment compensation program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of today, July 2, 1992.)

The PRESIDING OFFICER. There is 1 hour equally divided on the conference report.

The Chair recognizes the Senator from Texas [Mr. BENTSEN].

Mr. BENTSEN. Mr. President, this morning we found out that the unemployment rate had gone up to 7.8 percent. That is the highest unemployment rate in 8 years. And it affected all sectors of the economy. We saw last month some 32,000 jobs lost in construction, 58,000 jobs in manufacturing, 21,000 jobs in services. The only place that unemployment did not go up was in Government. I think that is somewhat significant.

The drop in construction and in manufacturing is especially disturbing because those are cyclical industries. Normally you see unemployment increase when those industries are contracting and you see employment increase when those businesses are expending. As one economist said, "that kind of number is what you normally see at the beginning of a recession rather than at the end of a recession."

So this conference report is coming before the Senate at a time when the need to act on the extension to the emergency unemployment compensation program is more urgent than ever before. There are some 10 million Americans who are without jobs. The conference report that we are now bringing before the Senate is a balanced measure deserving bipartisan support. It is imperative that we approve it before the weekend. Otherwise, the emergency compensation program will expire, and that will leave thousands of jobless people without the benefits that they deserve and to which they are entitled.

I think the conference report is a fair compromise. According to CBO, the

benefit costs are very close to the Senate bill that we passed earlier—$5.45 billion over 6 years, compared to $5.43 billion in the bill approved by the Senate.

As you will recall, the cost of the House bill was approximately $5.8 billion. The structure of the emergency benefit program generally follows the Senate bill. There is one significant difference, and that is that instead of providing 33 weeks and 26 weeks of benefits, we cut back to 26 and 20, which was the level of benefits in the House bill and, in turn, was more in line with what the administration had requested.

This modification was insisted on by the House. The House accepted the Senate provision making the total unemployment rate, the TUR, trigger for the extended benefits program optional for the States, rather than mandatory. And they receded on the issues of raising the unemployment compensation wage base.

I must say that that in turn was a major priority for the administration. The House agreed to drop that provision, as well as one other provision raising the Federal matching rate.

The conference report includes a House provision giving the States the option of adding 7 weeks of benefits under the permanent extended benefits program if their unemployed rate is 8 percent or higher, and I think that is a reasonable compromise.

It also suspends certain Federal rules with respect to accepting suitable work and searching for work until the newly created Advisory Council on Unemployment Compensation has an opportunity to study and make recommendations on those issues. The House had wanted to repeal both of those provisions.

Now, under the conference report, the additional costs of the unemployment benefits would be offset for budget purposes with three provisions. Two of them from the Senate bill, and one from the House bill that is simply the extension of a present law provision.

First, the conference report includes the proposal from the Senate bill relating to the withholding on lump sum distributions that are not rolled into an IRA.

Second, the conference report includes a proposal from the Senate bill to increase corporate estimated taxes. That proposal has been modified to increase the requirement up to 97 percent—the Senate bill was at 96 percent—dropping back down to 91 percent in 1997.

Third, the personal exemption phaseout or PEP provision would be extended for 1 year. It is currently scheduled to expire in 1995 and this bill would extend the provision until 1996.

The conference agreement is paid for in the near-term and over the 6-year budget window from 1992 through 1997.

I have received a letter from the Director of the Office of Management and Budget which states that according to the administration's estimates of H.R. 5260, and taking into account available pay-go balances, no sequester would be triggered by enactment of this conference agreement in any year. In fact, under preliminary OMB scoring, the legislation will produce a surplus of about $1.7 billion over the budget window period of 1992–97.

Moreover, under CBO scoring the legislation is also paid for over the 6-year period.

In short, this legislation meets my requirements of being fully paid for and financially responsible.

In summary, today the House and the Senate will be voting on an unemployment compensation package that is responsible in all respects. I hope and expect that it will be approved by both bodies. And I strongly urge the President to endorse this unemployment legislation, and to sign it into law without delay.

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

Mr. DOLE. Mr. President, I think the distinguished Senator from Texas, chairman of the committee, pretty well outlined what has happened, and how the bill is paid for. It is paid for. We do not have that debate. Some of us may have different ways we would like to pay for it. The point is, it is paid for. And it should be paid for.

So I rise to support the conference report, and I also speak for the distinguished Senator from Oregon, the ranking Republican on the committee, Senator PACKWOOD. Both of us signed the conference report. It was bipartisan.

My understanding is the President will sign the bill as soon as he receives it, because we need to do this. Benefits start expiring in just 2 days. We do not have a lot of time.

It is our responsibility to ensure that there is no gap in the payment of emergency unemployment benefits to America's workers who find themselves unemployed through no fault of their own.

With the increase in the unemployment rate for the month of June to 7.8 percent, there are more workers and their families who are in need of help to get them through this period.

This legislation will provide the necessary assistance until the economy gets Americans back to work again.

It provides an immediate extension of 26 or 20 weeks. These benefit levels are maintained until the unemployment rate drops rather than tying the phase-down to the calendar as has been done in the past. This is a good approach given that we do not want to reduce benefit levels until we are sure the unemployment picture is improving.

In addition, this legislation will make certain reforms to the permanent extended benefit program. I support these reforms. While I have some concerns about implementing permanent reforms before the Advisory Council on Unemployment Compensation has had an opportunity to study the situation and makes it recommendations, tune-ups to these reforms can be made, if and when necessary, based on the Council's findings.

Mr. President, for all the reasons stated by the chairman of the committee, I am pleased that we have been able to work on a bipartisan basis to move to passage on this legislation which further extends benefits.

The vote in the House was 396 to 23. That is a pretty strong indication of the bipartisan support, broad support, it has on the other side.

So I commend the work of the distinguished chairman, Senator BENTSEN, and my colleague from Oregon, Senator PACKWOOD, and urge my colleagues to vote for the conference report.

Mr. PACKWOOD. Mr. President, I thank the Chair, and I thank the distinguished minority leader.

I want to thank Chairman BENTSEN for his excellent work on this agreement, both in the negotiations with the House, which were not easy, and in being able to reach an agreement with the administration. We hope to get it to the President tonight so that he can sign it without further delay.

Given this morning's news that the national unemployment rate has gone up from 7.5 to 7.8 percent, which is a 9-year high, I am relieved we finally have a package everyone can support before emergency benefits begin to run out on Saturday—ironically, July Fourth.

I have supported every effort to extend unemployment benefits from the very first bill—from the time Chairman BENTSEN started to address this problem over a year ago. I wholeheartedly support this package.

It immediately extends the emergency unemployment program at 20 or 26 weeks through March of next year for those who have exhausted regular State benefits.

Getting people back to work is, of course, the first priority of all of us. But the economy has not picked up as quickly as we hoped.

And we have an obligation, therefore, to continue to help unemployed workers until it does. This package will enable them to receive up to a total of 52 weeks of benefits.

Equally important, the package preserves budget discipline, and is paid for in the budget agreement.

I thank the Chair.

Mr. BENTSEN. Mr. President, I would like to say to the distinguished ranking member of the Finance Committee that he is quite right. He supported every one of these extensions of unemployment benefits in the session, and the Chairman is quite appreciative of that.

Mr. PACKWOOD. I thank the Senator.

Mr. BENTSEN. Mr. President, I yield 5 minutes to the distingushed Senator from Maryland, who has had a long-term interest and concern over this issue, and is the very capable chairman of the Joint Economic Committee, and has a particular background in the subject matter.

Mr. SARBANES. Mr. President, I thank the distinguished chairman.

Mr. President, I want to commend the very able chairman of the Finance Committee for the extraordinary work he has done on the unemployment insurance issue, not only with respect to this conference report, but earlier efforts to extend benefits to American workers who found themselves thrown out of a job because of the economic downturn.

As the chairman indicated at the outset of his speech, the unemployment figures that were reported this morning are the worst in more than 8 years. It is dramatic proof that the economy remains caught in the grip of a prolonged recession.

In fact, for the second month in a row, the unemployment rate increased by three-tenths of a point. Two months ago, the unemployment rate was 7.2 percent. It is now at 7.8 percent.

When this recession began 2 years ago, in June 1990, the unemployment rate was 5.3 percent. It has risen steadily over the last 2 years and is now at 7.8 percent.

In fact, every expectation was that the unemployment rate was going to drop slightly this month. They thought there would be some increase in jobs. That did not happen. This chart shows the civilian unemployment rate. We did not have a chance to revise the chart because we did not think the unemployment rate was going to increase so significantly. The line has come right off the chart to 7.8 percent unemployment.

That represents almost 10 million Americans out of work. There are currently 9.8 million persons counted as jobless by the official measure of the Labor Department.

Bad as those numbers are, the real labor market situation is even worse. Today at the hearing in the Joint Economic Committee on the unemployment figures, the Labor Department released figures on what is called the comprehensive unemployment rate. That figure is released every quarter, not every month. The comprehensive unemployment rate includes the official unemployment rate to which I have made reference, but it also includes those discouraged workers who dropped out of the labor force, and those workers who want to work full time but can only find part-time work.

There are 1.1 million discouraged workers, on top of the 9.8 million workers officially unemployed, and there are another 6 million people working part time who want full-time work.

If you factor all of that in, you get what the Department of Labor calls the comprehensive unemployment rate, which is shown on this chart. For the second quarter of 1992, the comprehensive rate was 10.9 percent. That includes those out of work looking for work, the discouraged workers, and the part-time workers wanting full-time work. That figure is at just under 11 percent. The last time it was that high was in the fourth quarter of 1984 as we were coming out of the deep 1982 recession.

Today's data provides little hope that the unemployed will find jobs soon. That is another reason that this measure we are dealing with is so urgent. Payroll employment, which had been increasing slowly earlier in the year, and was expected to increase again this month, fell by 117,000 in June. All industries experienced job declines, but the heaviest losses were in the manufacturing and construction sectors, which typically lead the economy out of recession. Job losses in those sectors indicate that the economy—I certainly hope this does not happen—may be staging a repeat of last year's performance, when modest improvements in the first half gave way to renewed job losses later in the year.

The impression that the economy is starting to weaken again is confirmed by a variety of other statistics released in the past month. As one commentator said this morning, "there is no silver lining in the figures out there currently that go along with the unemployment figures." The housing sector is in serious trouble. New home starts have fallen for 24 months in a row, down 25 percent from January. Building permits have also fallen for 4 months by more than 8 percent. Housing starts are down 8 percent from 2 months ago.

The claims for unemployment insurance have risen over the last couple of weeks to about 420,000. They were down to slightly over 400,000 in May and early June. New orders for durable goods fell 2.4 percent in May, after rising in March and April. Exports, which many forecasters have been counting on as a major source of growth, fell in April, the latest month for which we have data. This was the second decline in a row, which is obviously not a good omen for the recovery. Exports are down, durable goods orders have dropped, claims for unemployment insurance are up, and the housing sector seems to be stagnant.

Finally, the purchasing managers' survey fell four points in June, from 56 to 52, which brings it perilously close to the 50-point level that indicates, according to their index, an economy in recession.

Job growth remains weak and unemployment high, with little evidence of an upturn. In fact, large companies are continuing to announce mass layoffs. This past week alone, Aetna Life and Casualty announced it will lay off 4,800 employees, more than 10 percent of its work force. Hughes Aircraft announced it will lay off 9,000 employees, or 15 percent of its workers. As the distinguished Senator from Michigan, chairman of the Banking Committee, points out, in contrast with past recessions, the ratio between permanent layoffs and temporary layoffs has shifted markedly. We are experiencing permanent terminations as opposed to temporary layoffs. So what happened is that people are not being laid off and told they will be called back when economic activity picks up. People are being permanently terminated and told there are no more jobs, even if economic activity picks up.

I want to show two more important charts. One is the number of persons who are long-term unemployed, which has now risen to over 2 million people. It was 600,000 when the recession started. It is now over 2 million. These are people unemployed 27 weeks or longer, the very people that desperately need these extended unemployment insurance benefits that we are addressing here on the floor at this moment.

We have had some growth in the national income—weak, anemic growth, inadequate to bring down the unemployment rate. What is happening is that while you have had a little bit of growth in the economy, it is not adequate to bring unemployment under control. We have a profound jobs recession taking place. The unemployment rate is now the highest it has been in the course of this recession.

This chart indicates the change in payroll employment during the recession. In other words, when you start into the recession, and you get a decline in employment. This line is the average of job loss in previous recessions during the postwar period, and this line is what has taken place in this recession in terms of job loss. As you can see, the job loss has been a little greater in this recession than the average of previous recessions.

What has happened in previous recessions, is that once you reach the bottom and start coming out of the recession, you move up rather quickly in recovering jobs. In fact, within the first year of moving upwards, all of the jobs lost in past recessions have been recovered.

That has not taken place in this recession. In this recession, we are not recovering the jobs lost due to the economic downturn. In fact, we asked the Labor Department this morning about the percentage of jobs recovered from the trough of previous recessions. In previous recessions we have recovered anywhere from 128 percent to 244 percent of the jobs lost. In other words, more than all the jobs were recovered

14 months after the trough of the recession. In this recession, we have recovered 9 percent of the jobs lost—128 percent to 244 percent in past recessions and 9 percent in this recession.

Mr. President, in an interview with the New York Times last week, the President said: "I happen to think the economy is better than most people in America think."

Today's labor market data confirms that most people in America have a better reading on the state of the economy than the President does. I think this mounting evidence of economic deterioration has sent a wake-up call to the White House, because they have shifted their position on the unemployment compensation bill, and they indicated they are prepared to support it, rather than to veto it.

We face a very grim, dire employment situation in this country, and I commend the chairman of the Finance Committee for bringing this measure to the floor to extend the Emergency Unemployment Compensation Program. We need to do more. We sent the President a program earlier in the year designed to do more, which was reported out of the Senate Finance Committee under the chairman's leadership. Unfortunately, the President vetoed that bill. But there is a severe economic problem here. Saying that the economy is better than most people in America think does not square with these economic facts.

Mr. BENTSEN. Mr. President, I thank the distinguished chairman of the Joint Economic Committee for the information given. It was certainly most informative and offers concern for what has not happened yet in the recovery.

ADJOURNMENT RESOLUTION TITLE AMENDMENT—HOUSE CONCURRENT RESOLUTION 343

Mr. BENTSEN. Mr. President, on behalf of the majority leader I ask unanimous consent that it be in order to amend the title of House Concurrent Resolution 343 with the amendment I now send to the desk.

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

The amendment will be stated.

The legislative clerk read as follows:

Amend the title so as to read: "Providing for an adjournment of the House from July 2 until July 7, 1992, an adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of the Senate from July 2 or July 3 until July 20, 1992."

The PRESIDING OFFICER. Without objection, the amendment to the title is agreed to.

UNEMPLOYMENT COMPENSATION EXTENSION—CONFERENCE REPORT

The Senate continued with consideration of the conference report.

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

Mr. BENTSEN. I yield 5 minutes to the distinguished Senator, the chairman of the Banking Committee.

Mr. RIEGLE. Mr. President, I thank the Senator and I appreciate very much the chairman's leadership on this issue on this occasion and on previous occasions. I know I speak for all the unemployed workers and families when I express to Senator BENTSEN gratitude for the leadership he has given to get this legislation enacted against great difficulty, against veto threats and the rest of it.

If I can come back to the excellent chart that the chairman of the Joint Economic Committee, Senator SARBANES, has shown here today. Last night Albert Sillinger, a noted pollster in the country, said what has happened in this recession is we have gone down into it and have not come out. It is an L shape and we're staying at the bottom.

This is what I am pointing out in the Chart. Rather than showing a pickup in jobs on the previous recessions, it has not only stayed down at the bottom, but it turned down again. The fact is the unemployment rate has gone up to 7.8 percent. It jumped up in major States in the country. California is up to 9½ percent. It is 8.8 percent in Michigan; 400,000 are unemployed there.

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

Mr. RIEGLE. I yield.

Mr. SARBANES. The Labor Department reports each month the unemployment figures for the 11 most populous States. It reported today 10 of the 11 had an increase from the previous unemployment rate.

Mr. RIEGLE. That is right.

It includes Texas, Florida, and other States. The misery is out there and accumulates.

We are going to have to have additional extensions of unemployment compensation.

I think what this tell us, is that in the absence of any kind of real economic recovery plan we are going to continue to languish like this and these benefits today, important as they are, only carry us so far, and then we are going to have to still have another extension.

I am glad now that the President at least has withdrawn the veto threat. –I think if we had not gotten that data today, we still would be facing the prospect he might not even sign this legislation.

The problem is a terribly serious one for the country. It leads to another point. That is that it is essential that we get an economic recovery strategy in place for this country that starts putting people back to work. We have to have a surge in job creation. We cannot keep having all these permanent job reductions that we are seeing in company after company. The Alcoa Co. announced laying off 2,100 workers. There was a story yesterday in the Wall Street Journal, in the oil industry they anticipate having 50,000 jobs disappear in the United States this year in terms of drilling that would occur, that was occurring in the previous year. They see their employment levels coming down that far.

We have to have an economic recovery program for the country over and beyond just unemployment extension. That is why in this bill up now to help for Soviet Union, we should not help other countries or have economic programs for Mexico, or Kuwait, or Communist China, or the old Soviet Union, and not have an economic recovery program for America. What is going to happen to all these people who are down here? They are exhausting their savings.

What is going to happen to families in this situation when they cannot come back into the work force? Even with an unemployment compensation extension they are exhausting their savings so in many cases they are having to move out of apartments, having to sell homes, having to default on car payments. They are in a really desperate situation.

So many of our college graduates who are coming out this year, having sacrificed and saved and worked hard to accumulate those degrees, are coming out and there are no jobs for them. We have engineers now in large numbers in this country who have been displaced, many of them in the defense industries and other areas, high-tech areas. They cannot find work in engineering. Some are driving taxicabs, others circulating resumes endlessly and cannot find work. I am getting letters like this every single day.

What this line means when we stay down here—these are now 10 million people. We have 10 million people we know by name who are in that unemployed group. And as the Senator from Maryland points out there are at least another 6 million working part time, because they cannot find full-time work, or are in the discouraged worker category.

I would say there are probably another 20 million or something on this order, people who have been backsliding down from a higher skill level, where they actually have training to be able to perform and cannot find a job or hold a job at that level and are backing down into a lower skilled job, a lower paid job. And that is part of what created this tremendous squeeze in the economy.

So there cannot be a resurgence of confidence, because the people cannot have confidence when there is no economic plan to pull the economy out of this terrible situation it is in.

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

Mr. RIEGLE. I thank the Chair very much.

The PRESIDING OFFICER. The Chair recognizes the minority leader.

Mr. DOLE. Mr. President, I yield back the time on this side.

Mr. BENTSEN. Mr. President, I yield back the remainder of my time. I have no one else asking for time.

Mr. DOLE. It is my understanding now we are going to take the POW measure for 10 minutes and have two back-to-back votes.

Mr. BENTSEN. Mr. President, from what I understand from the majority leader that is not a problem.

Mr. MITCHELL. Mr. President, with the announcement today by the Department of Labor that another 471,000 Americans became jobless in June, the total number of unemployed Americans is now nearly 10 million. The past 2 months have been particularly distressing as the Unemployment rate climbed by over half a percentage point, from 7.2 percent in April to 7.8 percent today.

It is clear that too many have been unemployed for too long. I am pleased that an agreement has been reached today so that legislation to extend Federal unemployment insurance can be enacted before benefits begin to expire this Saturday.

We need to extend unemployment insurance. The number of those out of work for 15 weeks or longer increased by more than 650,000 Americans during the past 2 months alone raising the total number of Americans out of work for longer than 15 weeks to nearly 3.7 million. Nearly two-thirds of those individuals have been out of work for more than 6 months. That is a long time during which a family must struggle to make ends meet.

I am pleased that the conference agreement includes changes to the Federal eligibility requirements. In Maine and other States, these rules were so stringent that more than 10 percent of the jobless exhausting State benefits couldn't qualify for Federal extended benefits—even though they could not find work.

That situation was unfair. That situation was not right. I commend the conferees for giving States greater flexibility to ensure that more of the jobless qualify for extended unemployment insurance.

This legislation also includes permanent reforms to the unemployment system so that in future years, States won't have to depend upon Federal legislation to obtain additional unemployment insurance. This bill will mark the third time that an extension has been enacted during the last 12 months. It is clear that States need a more dependable system under which to work.

This legislation will provide that framework. Permanent changes in the extended benefit program are made to ensure that, in the future, States can trigger extended benefits during times of economic distress without congressional action.

I am glad that we will be able to complete action on this measure this week. However, I continue to believe that the best way to revive the economy is through job creation.

I remain hopeful that before the year is over, an agreement can also be reached on legislation to spur economic development.

Mr. DURENBERGER. Mr. President, as the Nation follows the performance of the leading economic indicators, we are all hopeful that economic recovery is underway. Although there are numerous signs of a strengthening economy, the new unemployment rate of 7.8 percent highlights the pain and frustration of the American workers who cannot find the jobs they lost.

My State has not been hit as hard as some other States. This is, however, of little comfort to the more than 100,000 Minnesotans who were without work last month. Extension of unemployment compensation benefits will go along way toward meeting the real needs of this group of people whose numbers are expected to grow in the coming months. This extension will ensure that assistance is available throughout the recovery period.

While I know that my colleagues are as frustrated as I am that we need to extend benefits a third time, I am gratified that the cooperative spirit which has developed during the formation of two earlier extensions is even stronger today and has ensured the passage of this important safety net.

Last year, when extended benefits were originally enacted, this process dragged on entirely too long. Political games were played at the expense of unemployed Americans. I am pleased that this is behind us.

Through the previous extensions, the administration has identified its expectations for unemployment extension. Like many of my colleagues, I support the requirement that the legislation be paid for with increased revenues, not increased borrowing, and that the bill does not make major, structural changes in the unemployment system when so many people are relying on it for support.

I commend the chairman of the Finance Committee, Senator BENTSEN, for his leadership on behalf of the Finance Committee and the Senate in securing this conference agreement with the House. I supported Chairman BENTSEN's approach in the Committee and I am pleased to support the passage of the conference report.

Thank you, Mr. President.

Mr. KENNEDY. Mr. President, I am very pleased that the House and Senate conferees have reached agreement on the bill to extend the Federal emergency unemployment compensation program.

Just this morning, the Government released its new unemployment figures. Although the administration has insisted for months that a recovery from this long and painful recession is underway, the data reflect the continued failure of the Nation's economy. The national unemployment rate has risen to an astounding 7.8 percent—the highest unemployment rate in over 8 years—up from 7.5 percent in May and 7.2 percent in April. The economy lost 117,000 jobs during June, another signal of the severe dislocation facing working Americans.

The news is even worse in Massachusetts. The State unemployment rate is now back to 8.8 percent, up from 8.3 percent in May.

The new unemployment figures underscore what everyone except the White House already knew—that the recession is not over, and the economy needs help right now. What kind of alleged recovery is it when national unemployment is the highest in over 8 years, and unemployment in many States continues at unacceptably high levels?

We cannot have economic recovery in the Nation without Presidential leadership. But the administration continues to view the economy through Rose Garden colored glasses.

Six months ago, many of us called for an economic stimulus package. We were told that the recession was ending, and the recovery was under way. But the so-called recovery was an illusion then, and it may well be an illusion now.

The administration is clearly still out of touch with the economic realities that face working families and business men and women across the Nation. Its see-no-evil, hear-no-evil, do-nothing economic policy has abandoned Americans when they desperately need national leadership. By failing to take any meaningful action to end this recession, the President has allowed American families to lose their jobs, their homes, their savings, their health insurance, their cars, and everything else they have worked to build for themselves and their children.

This extension of unemployment benefits is needed more than ever. It will ensure that working Americans who have lost their jobs will be able to receive up to 26 weeks of Federal emergency benefits when their regular State benefits run out. The current program is scheduled to expire just 2 days from now, so this extension comes in the nick of time.

The pending bill contains two provisions of special importance to workers and businesses in Massachusetts.

First, it corrects an extremely unfair provision for thousands of workers in Massachusetts and several other States who took a part-time or temporary job during their first year of unemployment.

Under the current program, individuals are entitled to emergency benefits only if they have exhausted their right to State benefits. In most cases, this produces a fair result. However, for workers unemployed more than a year who managed to find some part-time or temporary work, the Federal and State laws interact to produce a harsh result.

Eligibility for State benefits is first determined at the time laid-off workers file their initial claim for benefits. It is based on earnings prior to filing the initial claim. Workers who have received all the State benefits to which they are entitled and who remain unemployed become eligible for Federal emergency benefits at a weekly rate equal to their State benefit rate.

Under State law, however, to remain eligible for benefits, an individual who is still unemployed after 1 year must reapply for benefits. At that point, the State redetermines eligibility, based on earnings during the first year.

If the workers did not earn enough during the first benefit year to requalify for State benefits, they remain eligible for Federal benefits at the original rate. However, if they earned more than the minimum required by State law, they requalify for a second round of State benefits and are no longer eligible for Federal benefits.

What makes this result so harsh is that the second round of State benefits is based not on what the worker earned prior to being laid-off in the first instance, but on what the worker earned from part-time or temporary work during the first year. For many unemployed workers in Massachusetts and other States, this has meant a reduction in unemployment benefits of over $200 each week.

In Massachusetts, for example, until recently a worker needed to earn only $1,200 a year to qualify for State benefits. Thousands of workers who were laid-off from full-time jobs and were collecting the maximum unemployment benefit of $282 per week found that, because they earned at least $1,200 from part-time work during their first year, they were suddenly ineligible for Federal benefits. Instead, they requalified for State benefits based on their part-time or temporary earnings, and are now receiving checks for as little as $28 per week.

In the meantime, other unemployed workers who chose not to seek or accept part-time or temporary work continue to collect their full Federal benefits. The victims of this catch-22 have reacted with dismay and outrage to a system which, in effect, penalized them for their willingness to work.

There are many reasons why these people took part-time or temporary jobs. Some did so to get health insurance for their families. Some did so to keep their skills up to date, or to learn new skills that might help them find a full-time jobs. Others were hoping that a part-time job would turn into a full-time job; still others thought they had found a full-time job, only to suffer a second layoff. Some were called back from a lay-off, but were then laid-off again. We have even heard from members of the Reserves who served in Operation Desert Storm, and whose military pay entitled them to a new round of State benefits. They served their country—and paid for it by forfeiting their right to Federal unemployment benefits.

None, however, took a part-time or temporary job to pad their unemployment benefits. Under Massachusetts law, their unemployment benefits were reduced dollar-for-dollar for all earnings in excess of $30 per week.

The men and women caught in this trap wanted to be productive members of society. They are self-sufficient and self-reliant individuals who believe that any work is better than no work and who did not want to wait for the economy to turn around.

By denying them the Federal benefits they would have received had they simply stayed at home, the law was penalizing people it should have been commending. It was discouraging others from seeking work—the last thing we should have been doing as we try to end the current recession.

This problem was especially serious in Massachusetts, where the recession has been long and deep. However, workers in other States have recently begun to feel the squeeze, and the problem is worsening as the recession drag on. Thousands of workers in Texas, Florida, Maine, Vermont, Washington, and Ohio have already suffered from this perverse disincentive to work.

Senator KERRY and I introduced legislation in February to address this program, and Congressman MARKEY and others introduced similar legislation in the House. The conference agreement responds to the problem we identified, and corrects this unfair and illogical provision. It ensures that any person who would have been entitled to Federal emergency benefits but for the fact that they requalified for State benefits can resume or begin receiving their Federal benefits. This measure provides much-needed relief to workers who have unfairly been denied the benefits they need to keep them going while the recession drags on.

The conference agreement contains a second provision to assist Massachusetts employer as they struggle to recover from this recession. Under current law, Massachusetts employers will begin to lose a tax offset on their Federal unemployment taxes next January, because the State has been forced to borrow funds from the Federal Government for the past 2 years to pay unemployment claims.

Two months ago, the Massachusetts Legislature passed a bill to restore solvency to the State unemployment fund by increasing employer contributions. Employers will begin paying these increased taxes this summer, but even with the increase, the State will not be able to repay its Federal loans within 2 years, as required by current law. As a result, with no change in the law, the State's employers would have faced two tax increase in 6 months: A States increase this July, and Federal increase next January.

Under the bill being passed today, Massachusetts and other States will have an additional year to pay their Federal loans before employers in the State begin facing the Federal tax increase. However, this assistance is available only to States which increase employer unemployment tax contributions by at least 25 percent in 1992 or 1993.

I urge the Senate to approve this conference report, and I commend the House and Senate conferees for their action in providing this additional assistance to unemployed workers across the country.

Mr. DOMENICI. Mr. President, I know that we all share disappointment in this morning's announced unemployment rate for June. The increase experienced over the past 2 months underscores the need for us to continue to Emergency Unemployment Compensation Program.

I think its unfortunate that we have too often heard the problems of the unemployed used as cannon fodder in the political debates of this year. The record shows that this administration has been quite willing to respond to the dilemma of long-term unemployment with additional benefits.

But just as important, as we all recognize, economic policies which will fuel the creation of new jobs offer a far more permanent solution. The President asked that the Congress not ignore the long-term interests of economic growth as we try to address the immediate problems of the unemployed.

Beginning in August of 1991, the President indicated his willingness to sign legislation to extend unemployment benefits. He asked only that Congress comply with the requirements of the Budget Enforcement Act by paying for any new benefits.

Last November we enacted a $ 4.3 billion program of emergency benefits for the long-term unemployed. In February we extended and expanded the emergency program at a cost of $3.3 billion.

In both cases, the President endorsed the bills. Both were responsibly crafted and were fully paid for.

Today we are going to pass an additional $5.6 billion extension of this program which the President has indicated he will support.

This will bring the total authorization for the emergency benefit program to more than $13 billion. Total expendi-

tures for unemployment insurance programs will exceed $37 billion in 1992 alone.

Certainly no one can charge that this administration has ignored the problem.

With the adoption of this bill, we will eliminate the necessity of repeated congressional action to authorize the payment of supplemental unemployment benefits.

At the State's option, it will now be easier for a State to qualify for the Federal-State Extended Benefits [EB] Program.

In addition, States will be able to use their own eligibility criteria for qualifying exhaustees for the EUC Program. That will eliminate a problems we experienced in New Mexico and other States. Roughly 10 percent of exhaustees in New Mexico were not qualifying for EUC because of a difference between the State eligibility criteria and those of the EB Program used in previous EUC legislation.

Mr. President, this is a fair bill. We have assurances from OMB Director Darman that it will not trigger a sequester.

I strong support the adoption of the conference report.

SECTION 9 OF THE CONCURRENT RESOLUTION ON THE BUDGET

Mr. SASSER. Mr. President, I hereby submit revised budget authority allocations to the Senate Committee on Finance and aggregates under section 9(b) of the concurrent resolution on the budget, House Concurrent Resolution 287.

Section 9(b) of the budget resolution states:

SEC. 9. DEFICIT-NEUTRAL RESERVE FUND IN THE SENATE FOR FAMILY AND ECONOMIC SECURITY INITIATIVES IN ACCORDANCE WITH PROVISIONS OF THE SUMMIT AGREEMENT.

* * * * *

(b) ECONOMIC GROWTH INITIATIVES.—

(1) IN GENERAL.—Budget authority and outlays may be allocated to a committee or committees for legislation that increases funding for economic recovery or growth initiatives, including unemployment compensation or other, related programs within such a committee's jurisdiction if such a committee or the committee of conference on such legislation reports such legislation, if, to the extent that the costs of such legislation are not included in this concurrent resolution on the budget, the enactment of such legislation will not increase the deficit (by virtue of either contemporaneous or previously passed deficit reduction) in this resolution for fiscal year 1993, and will not increase the total deficit for the period of fiscal years 1993 through 1997.

(2) REVISED ALLOCATIONS.—Upon the reporting of legislation pursuant to paragraph (1), and again upon the submission of a conference report on such legislation (if a conference report is submitted), the Chairman of the Committee on the Budget of the Senate may file with the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised functional levels and aggregates to carry out this subsection. Such revised allocations, functional levels, and aggregates shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations, functional levels, and aggregates contained in this concurrent resolution on the budget.

(3) REPORTING REVISED ALLOCATIONS.—The appropriate committee may report appropriately revised allocations pursuant to section 302(b) and 602(b) of the Congressional Budget Act of 1974 to carry out this subsection.

The committee of conference on H.R. 5260, the Unemployment Compensation Amendments of 1992, has submitted a conference report. This legislation proposed by that conference report qualifies as legislation that would "increases funding for economic recovery or growth initiatives, including unemployment compensation or other, related programs"—in the words of section 9(b) of the budget resolution.

The conference report on H.R. 5260 also meets the other requirement of section 9(b) of the budget resolution that "to the extent that the costs of such legislation are not included in this concurrent resolution on the budget, the enactment of such legislation will not increase the deficit (by virtue of either contemporaneous or previously passed deficit reduction) in this resolution for fiscal year 1993, and will not increase the total deficit for the period of fiscal years 1993 through 1997."

As the conference report on H.R. 5260 complies with the conditions set forth in the budget resolution, under the authority of sections 9(b)(2) of the budget resolution, I hereby file with the Senate appropriately revised budget authority allocations under sections 302(a) and 602(a) and revised functional levels and aggregates to carry out this subsection.

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

REVISED BUDGET RESOLUTION TOTALS PURSUANT TO SECTION 9(b) OF THE CONCURRENT RESOLUTION OF THE BUDGET FOR 1993

[In millions of dollars]

Spending allocations	1993	1993–97
Finance Committee budget authority allocations	514,516	3,007,712
Reserve fund change	3,372	4,472
Revised Finance Committee budget authority allocations	517,88	3,012,184
Finance Committee outlay allocations	512,140	2,993,949
Reserve fund change	3,372	4,472
Revised Finance Committee outlay allocations	515,512	2.998,421

REVISED BUDGET RESOLUTION TOTALS PURSUANT TO SECTION 9(b) OF THE CONCURRENT RESOLUTION ON THE BUDGET FOR 1993

[In millions of dollars]

	1993	1994	1995	1996	1997
Functional levels and aggregates:					
Resolution revenue totals	845,300	911,300	968,100	1,017,800	1,070,400
Reserve fund change	3,372	620	330	75	75
Revised resolution revenue totals	848,672	911,920	968,430	1,017,875	1,070,475
Resolution budget authority totals	1,246,400	1,269,400	1,309,600	1,375,100	1,468,700
Reserve fund change	3,372	620	330	75	75
Revised resolution budget authority totals	1,249,772	1,270,020	1,309,930	1,375,175	1,468,775
Resolution function 600 budget athority totals	199,400	208,100	217,100	231,800	248,400
Reserve fund change	3,372	620	330	75	75
Revised resolution 600 budget authority totals	202,772	208,720	217,430	231,875	248,745
Resolution outlay totals	1,238,700	1,255,100	1,257,900	1,304,900	1,416,100
Reserve fund change	3,372	620	330	75	75
Revised resolution outlay totals	1,242,072	1,255,720	1,258,230	1,304,975	1,416,175
Resolution function 600 outlay totals	196,700	207,000	217,700	228,300	240,500
Reserve fund change	3,372	620	330	75	75
Revised resolution 600 outlay totals	200,072	207,620	218,030	228,375	240,575

Mr. DOMENICI. I want to compliment the chairman of the Budget Committee, Senator SASSER, the chairman of the Finance Committee, Senator BENTSEN, Senator PACKWOOD, and other members of the Finance Committee, because what we will do by this statement is we will adjust the levels in the budget resolution using the reserve fund authority provided in that budget resolution. This adjustment will inhibit us from spending the $3.3 billion in tax revenues that are going to show up in addition to the revenues estimated in the budget resolution as a

result of the revenue provisions in this bill.

So we will be preserving a 60-vote point of order in the future for any efforts to spend this $3.3 billion excess on the revenue side. That will be subject to a point of order if we attempted to spend it.

The Senate might remember that on another occasion we had a similar situation where $3 billion was available and we tried to spend it twice. I came to the floor asking if we were going to spend it three times, and we stopped at two. This will prevent it from being spent again under our budgeting process.

So I compliment everyone for what is, I think, very good government in this regard.

Mr. BENTSEN. Mr. President, let me say that I concur with the analysis of the ranking member of the Budget Committee.

Mr. DOMENICI. In fact, I might say to the chairman, his staff and ours and Senator SASSER's staff discovered this, and the Senator from Texas was willing to say we are not intending to spend it twice.

Mr. BENTSEN. That is correct.

Mr. ADAMS. Mr. President, the Senate is again considering unemployment insurance extension legislation because the Bush administration has failed to develop a plan to put Americans back to work.

While the President continues to stumble around without an economic compass, more than 9.5 million Americans are unemployed. The long-term unemployment rate, 7.8 percent, is the highest since November 1983.

The need for this bill is critical. People are hurting across this country. Families are barely hanging on. With mortgages to pay, children to care for, and household bills stacking up, they are looking to us for help.

The President's response has been: Don't worry, recovery is just around the corner. Things are getting better; let's give it some time. Well, Mr. President, 9.5 million Americans simply do not have more time.

In my State of Washington, timber-dependent communities are facing double-digit inflation, month after month after month. Ask the unemployed man or woman who lives in Skamania County, where unemployment is 27.8 percent, if he or she can wait for help. Tell that to the unemployed workers in Stevens or Klickitat Counties, where unemployment rates are well over 14 percent.

Let us not forget our goal. These people do not want more unemployment benefits, they want jobs. The recession has hit rural areas in Washington particularly hard. Okanogan County has 12.3 percent unemployment. Kittitas County has 13.8 percent unemployment. The President offers them nothing.

One way to put Americans back to work is to rebuild America. The Nation suffers from a decaying infrastructure. Our transportation system desperately needs repair. Environmental problems abound. The Bush administration keeps saying that we will cross that bridge when we come to it. Unfortunately, Mr. President, that bridge is about collapse.

By investing in our infrastructure, we not only create jobs, but we improve our Nation's ability to create more jobs. We can put our country back to work by refitting our Nation's energy, industrial, transportation, and water systems. These types of projects create jobs. Tax cuts for the wealthy do not.

The administration has proved unable to resolve the fundamental problems in our economy. Tinkering in the margins with tax and investment incentives for the wealthy is not a viable solution. Cutting withholding rates for personal income taxes is not a comprehensive plan for sustained growth and recovery.

The American people deserve more than a few well-orchestrated sideline cheers. They need the administration to jump into the game with both feet, to provide leadership in these troubled economic times.

As the President pointed out in his State of the Union Address, the American people spent trillions and trillions of dollars winning the cold war. Now they deserve an aggressive attack on this recession.

Hopefully, we have learned from past conflicts over offsets and threatened Presidential vetos. Let us put partisanship aside and pass this badly needed extension of unemployment benefits.

We must, however, provide the unemployed men and women of this country with more than an extension of benefits; we must provide them with an extension of opportunities.

Mr. SEYMOUR. Mr. President, I just want to take a moment first to express my strong support for the conference report to H.R. 5260, the Emergency Unemployment Compensation [EUC] Extension Act. I also want to commend the leadership of President Bush, the distinguished chairman of the Finance Committee, Senator BENTSEN, my good friend and ranking member of the Finance Committee, Senator PACKWOOD, and the House leadership. I am pleased that bipartisanship can rule the day on an issue of extreme importance to the American people.

Mr. President, I am also pleased that this legislation contains a provisions that I introduced as free-standing legislation last February: S. 2291, the Emergency Benefit Flexibility Act. This provision will assist thousands of long-term unemployed Americans, including at least 4,000 from California, who presently are unable to receive benefits under the EUC Program.

As my colleagues know, section 202(A)(5) of the Federal-State Emergency Unemployment Compensation Act of 1970 [FSEUCA] sets out three different Federal wage eligibility standards that an unemployed person must meet to receive extended benefits. According to Department of Labor regulations, each State must select only one of the three Federal wage eligibility standards.

California, for example, operates under the 40 times weekly benefit amount in the previous year. In other words, an unemployed worker is eligible for emergency benefits if he has earned 40 times his weekly benefit amount.

Like any standard of eligibility, there will be those that fall short, but no one realized just how many Americans would be denied assistance, because this is the first time that California and many other States have administered emergency benefits under the FSEUCA. And in the case of California, we're talking about 12 percent of those who applied for emergency benefits being turned away during the initial months of the EUC Program. And those applicants are mainly seasonal workers in the agricultural and construction industries.

However, just because California is restricted to choosing only one standard doesn't mean unemployed Californians are closed off from assistance. Rather, they seek assistance under other State and local programs. Believe me, they have.

For example, Sacramento County officials reported last February that welfare demands were 64 percent higher than originally projected, in part due to the wage eligibility restrictions in the FSEUCA.

In short, Mr. President, the inability of States to choose more than one Federal wage eligibility standard under the EUC Program is not just working against thousands of America's jobless, it's also contributing to the already weakened fiscal strength of State and local governments. And let me emphasize that this problem is not unique to California, Connecticut, Texas, Oregon, and Illinois are also adversely affected by the current one-standard only limitation.

Mr. President, the rollcall of States experiencing budget deficits and declining revenues is more than 30. This week, my State of California is struggling to close a record $10.7 billion deficit. Hundreds of local governments are flirting with bankruptcy. Yes, all levels of government have an obligation to work in partnership to help the long-term unemployed. On that, all agree. However, I believe in these difficult times it rests with the Federal Government to give States the flexibility to use the temporary EUC Program in a manner that is consistent with our partnership and in consideration of the

difficult times our State and local partners face. That is why the senior Senator from California, Senator CRANSTON, my good friend from Connecticut, Senator LIEBERMAN, and I introduced S. 2291, which would give the States the option of choosing all three wage eligibility tests. And I'm extremely pleased that the House and Senate conferees recognized the importance of this issue and included provisions based on S. 2291. This inclusion will bring more long-term unemployed under the EUC umbrella and bring much-needed relief to State and local governments.

Economic recovery is not going to happen overnight. Despite signs of hope that recovery is on the horizon, many Americans continue to need assistance. The conference report before us will continue that assistance, as well as improve the EUC Program so that the State have the flexibility to help the thousands in need during these difficult times.

Mr. President, again, I wish to thank all my colleagues in both the House and Senate who worked diligently to strike a bipartisan agreement on this vitally important legislation.

NO MORE TIME TO WASTE: APPROVE EMERGENCY BENEFITS NOW

Mr. WELLSTONE. Mr. President, I want to take just a moment to express my strong support of the conference report on extended unemployment benefits and to urge my colleagues to support it.

In the face of persistent veto threats, we have waited for months for the Bush administration to agree to extend emergency unemployment benefits. Finally, the President has recognized the urgency of this problem, and it looks like he will sign this measure. Today's alarming increase in the official unemployment rate, from 7.5 percent to 7.8 percent, is just another reminder that our economy is not turning around as quickly as we had hoped. American workers who are without jobs—and their families—urgently need our help. And this bill will provide that help.

The bill extends the Emergency Unemployment Benefits Program until March 6, 1993. Workers who exhaust their regular unemployment benefits would receive up to 26 additional weeks of emergency benefits in States where the unemployment rate is high enough to trigger this higher rate. In States like Minnesota, where the overall unemployment rate is somewhat lower—though the pain for those who are jobless is no less real—workers would receive an additional 20 weeks.

The legislation is fully financed, and though those of us who support thorough reform of the unemployment insurance system were not able to include all of the permanent changes in the system that are needed, this compromise moves us in the right direction. I am hopeful that we will soon adopt a more comprehensive set of permanent reforms that make the system fairer, more effective, and more efficient.

Finally, let us keep in mind that this is just a small down payment on our efforts to meet our real needs, to invest in America's people—in schools, in roads and bridges, in health care, in our cities. We must transfer funds from defense to domestic spending and invest in a strategic, long-term economic plan to get this Nation back on its feet and to return our people to work. An investment-led economic recovery must be our goal.

Mr. President, we have talked long enough. Now is the time to deliver. I urge my colleagues to support this measure today, so America's unemployed will not be forced to wait and wonder, as they did for months last year, if they can pay for heat and light and food for themselves and their families. While we put our economic house in order, while we restructure our economy, while we slay the dragons, the wounded must be cared for.

I commend Chairman BENTSEN on this package, and I urge my colleagues to support it. Finally, I urge the President in the strongest possible terms to sign it into law as soon as he receives it this evening. We must prevent unemployed Americans whose benefits are being exhausted, almost as we speak, from being left in the cold.

I ask unanimous consent that my statement appears just prior to the vote on the conference report.

DECLASSIFICATION OF DOCUMENTS, FILES, AND OTHER MATERIALS PERTAINING TO POW'S AND MIA'S

Mr. KERRY. Mr. President, under the authority vested in me by the majority leader, I ask unanimous consent that the POW/MIA resolution be reported at this time.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 324) relating to the declassification of documents, files, and other materials pertaining to POW's and MIA's.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. There will be 10 minutes of debate on the resolution.

Mr. KERRY. Mr. President, the Senator from New Hampshire, Senator SMITH, and I have 10 minutes between us. Neither of us intend to use all of that time.

Let me just explain very quickly to my colleagues what this is about and also apologize for the fact that there is a record vote requested, but I think colleagues will understand that on an issue of declassification in which the committee is making a request of the President we believe it is important for the entire U.S. Senate to be on record in this matter.

This morning the entire Select Committee, consisting of 12 Senators, bipartisan, unanimously voted to report to the Senate a resolution requesting of the President rapid Executive order declassification of materials pertaining to the POW/MIA issue.

Senator GRASSLEY and Senator ROBB spent a considerable amount of time reviewing the materials, and trying to ascertain the best method of seeking this declassification. They made a long proposal to the committee of all those items that we have identified that are in need of declassification, and the committee unanimously recommended to the full Senate that we proceed to request this of the President.

For 20 years this issue has beleaguered the Nation. Families have been continually distressed at their inability to get a full story and get information. Clearly, with Boris Yeltsin' visit, the standard that he set in saying that every archive would be made available and every document reviewed, there is a new attitude and a new approach to this and we should have no less a standard.

So we here are hoping that all colleagues will join in this effort to share with Americans whatever it is that our Government knows, that our agencies know, about what happened to those who fought for their country about whom we still have many concerns.

Mr. President, I yield at this time to the Senator from New Hampshire.

The PRESIDING OFFICER. The chair recognizes the Senator from New Hampshire.

Mr. SMITH. Mr. President, I thank my colleague and the chairman of the Select Committee on POW/MIA. I also thank him for his leadership on this issue. It is something we all looked forward to for so many years. I thank the Senator in the Chair, who is also a member of the committee.

This is something that I know I have worked for, and so many of us have worked for, for so many years to see happen.

One of the greatest concerns of families, the veterans, and public at large really has been the concern that much of the information in the files of our Government still remain classified. As a result of the action taken this morning by our committee, and as Senator KERRY said, by unanimous vote this information now will be made public, assuming the President agrees to our request.

As you know, the rules of the Senate and the precedents of the Senate require we make a request of the President to release this information. And then if he does not choose to release it,

of course, the Senate can act under the provisions of Senate Resolution 400.

We have no reason to believe that he will not act to declassify these documents, make them public, and the resolution this morning endorses that action. It is a unanimous vote of 12 Senators. I think it has the unanimous support of the Senate. I believe it will approve that, and it certainly has the overwhelming majority support of the American people. And there is a date specific, July 23, in the resolution.

I think that Senator ROBB and Senator GRASSLEY deserve a tremendous amount of credit for their hard work in spending the last several weeks with their staffers preparing this resolution this morning.

Also I might point out that once this resolution passes the Senate today, Senator ROBB and Senator GRASSLEY and their staffs are prepared to start working on ongoing negotiations with the administration between now and July 23 to get the documents ready for declassification.

So again I applaud my colleague, Senator KERRY, for his help.

I also wish to say that this is a day that I wish had happened 15 or 20 years ago, because I believe that if it had it would have perhaps eliminated a lot of the hard feelings and a lot of the mistrust and a lot of the anguish that families have had to suffer.

I know that Senator GRASSLEY would like some time, Mr. President, so at this time I yield the floor.

The PRESIDING OFFICER. The Chair recognizes Senator GRASSLEY.

Mr. GRASSLEY. Mr. President, I join my committee colleagues in original cosponsorship of the resolution offered by Senator JOHN KERRY to declassify all documents related to the POW/MIA issue from the war in Southeast Asia.

I was pleased to work with Senator ROBB of Virginia as cochair of the Task Force on Declassification, which made the recommendation for the process described within the resolution. The goal of that process is to accomplish swift and comprehensive declassification. The process is further outlined in a letter to the President delivered today, and signed by each member of the committee.

Accompanying the letter is a four-page compendium of identified categories of documents, files, and materials, listed by Government agency and department, that should be declassified. This list is by no means meant to be finite. During the course of further investigation, we may discover additional batches of documents that are as yet unknown to us. If so, we intend to identify those documents and communicate our desire to add them to the list. Our objective in creating the list was to be as specific as possible in defining the universe of documents to be declassified, yet general enough to avoid precluding newly discovered documents from declassification.

The reasons this committee, indeed the public and, I believe, the Senate support this request for declassification are self-evident. Mystery and suspicion have shrouded this issue from day one. National security secrecy merely feeds the suspicion. Let there be no doubt—in adopting this resolution, the Senate is firmly committing itself, in the public interest, to full, public disclosure of all documents, safeguarding only legitimate risks to national security and families' right to privacy.

Assuming this resolution passes, we will begin negotiating immediately with the executive branch to declassify documents already in the Office of Senate Security, and in the time for our August hearings. We will also begin to identify for declassification POW/MIA-related documents from the Nixon and Kissinger files, in time for our September hearings.

On July 23, right after the July recess, the chairman will reconvene the committee to examine progress on declassification and determine if further actions are required by the Senate.

Finally, Mr. President, I would like to raise a very important point for the benefit of my colleagues. What we are saying in this resolution is that declassification means declassification. By that, I mean public release. When is declassification not declassification? Let me illustrate.

In May, this committee sent a letter to DOD asking that the now-famous Brooks memo be declassified. So DOD redacted it for declassification, but stamped "For Official Use Only" on it. In other words, it still can't be released to the public. So it might as well still be classified. That simply does not meet our objective. When we say declassify, we mean declassify—that is, public release.

Mr. President, I would like to commend the efforts of both the chairman and the vice chairman for their leadership in bringing about consensus and unanimity on this resolution and this process. Senator SMITH, in particular, has been a dynamic force pushing this issue forward, and will continue, I am confident, to hold the Government's feet to the fire for full disclosure. I would also like to thank Senator ROBB whose cooperation and insights were so valuable for the framework of our recommendation, and for helping build the consensus for our approach. And, I would like to stress that each and every member of the committee had a unique and valuable contribution to this product.

Mr. President, I want to summarize by simply saying this: We may not be able to answer the questions of all the 2,200 families, and my 38 Iowa families, who do not know the fate of their loved ones missing in Southeast Asia.

But when this committee's work is all done, I want to make sure that the families of the missing in action in this country, and every other American for that matter that is interested in this issue, know everything that our Government knows about their specific cases, their families. Lay it all out on the table. Let the Sun shine in.

And when that happens, they still may not have their questions answered, but a lot of the mystery that is involved will be dispensed and we will be able to hold our heads high that we are not keeping anything from anybody. I do not believe that we necessarily are, but in some instances I do not think we have totally cooperated with the families the way we should.

This is part of our effort to be totally candid with the American people on this issue and especially those families. And this step of declassifying is a very necessary step to accomplish this goal.

I yield the floor.

Mr. KERRY. Mr. President, I thank my good colleagues, but I particularly thank the vice chairman for his cooperation and for the unanimity of this approach.

We are convinced that can go a great distance to helping families to understand and helping all Americans to know what happened.

Mr. President, I yield back the remainder of our time and I ask for the yeas and nays.

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

The yeas and nays were ordered.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senate Republican leader.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The PRESIDING OFFICER. The question occurs on agreeing to Senate Resolution 324. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Carolina [Mr. SANFORD] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Virginia [Mr. WARNER] is necessarily absent.

I further announce that the Senator from North Carolina [Mr. HELMS and the Senator from Delaware [Mr. ROTH] are absent due to illness.

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

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 144 Leg.]

YEAS—96

Adams	Exon	McConnell
Akaka	Ford	Metzenbaum
Baucus	Fowler	Mikulski
Bentsen	Garn	Mitchell
Biden	Glenn	Moynihan
Bingaman	Gore	Murkowski
Bond	Gorton	Nickles
Boren	Graham	Nunn
Bradley	Gramm	Packwood
Breaux	Grassley	Pell
Brown	Harkin	Pressler
Bryan	Hatch	Pryor
Bumpers	Hatfield	Reid
Burdick	Heflin	Riegle
Burns	Hollings	Robb
Byrd	Inouye	Rockefeller
Chafee	Jeffords	Rudman
Coats	Johnston	Sarbanes
Cochran	Kassebaum	Sasser
Cohen	Kasten	Seymour
Conrad	Kennedy	Shelby
Craig	Kerrey	Simon
Cranston	Kerry	Simpson
D'Amato	Kohl	Smith
Danforth	Lautenberg	Specter
Daschle	Leahy	Stevens
DeConcini	Levin	Symms
Dixon	Lieberman	Thurmond
Dodd	Lott	Wallop
Dole	Lugar	Wellstone
Domenici	Mack	Wirth
Durenberger	McCain	Wofford

NOT VOTING—4

Helms	Sanford
Roth	Warner

So the resolution (S. Res. 324) was agreed to; as follows:

S. RES. 324

Whereas mistrust and suspicion of the Government's activities on POW/MIA matters have hindered efforts to resolve questions about our lost servicemen;

Whereas much of the Government's information on the POW/MIA issue is outdated and overclassified, and its public release would not harm national security;

Whereas the public interest would best be served if all POW/MIA information in the Government's possession would be appropriately declassified forthwith;

Whereas the immediate priority of the Government's efforts to resolve the POW/MIA issue should be swift and comprehensive declassification;

Whereas the committee has received from the executive branch copies of documents that are currently classified and that the committee needs for use at a public hearing scheduled for August 4–5, 1992, and for subsequent hearings;

Whereas issuance of an Executive Order by the President will be the fastest and most efficient means of declassifying records pertaining to POW's and MIA's;

Whereas issuance of such an Executive order would permit the broadest declassification of records pertaining to POW's and MIA's; and

Whereas controversies between branches of Government should be resolved by voluntary accommodation whenever possible: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President of the United States expeditiously issue an Executive order requiring all executive branch departments and agencies to declassify and publicly release without compromising United States national security all documents, files, and other materials pertaining to POW's and MIA's.

Mr. MOYNIHAN. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

VOTE ON UNEMPLOYMENT COMPENSATION EXTENSION—CONFERENCE REPORT

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays on the pending measure.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Carolina [Mr. SANFORD] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Virginia [Mr. WARNER] is absent on official business.

I further announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Delaware [Mr. ROTH] are absent due to illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. HELMS] would vote "nay."

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

The result was announced—yeas 93, nays 3, as follows:

[Rollcall Vote No. 145 Leg.]

YEAS—93

Adams	Ford	McConnell
Akaka	Fowler	Metzenbaum
Baucus	Garn	Mikulski
Bentsen	Glenn	Mitchell
Biden	Gore	Moynihan
Bingaman	Gorton	Murkowski
Bond	Graham	Nickles
Boren	Gramm	Nunn
Bradley	Grassley	Packwood
Breaux	Harkin	Pell
Bryan	Hatch	Pressler
Bumpers	Hatfield	Pryor
Burdick	Heflin	Reid
Burns	Hollings	Riegle
Byrd	Inouye	Robb
Chafee	Jeffords	Rockefeller
Coats	Johnston	Rudman
Cochran	Kassebaum	Sarbanes
Cohen	Kasten	Sasser
Conrad	Kennedy	Seymour
Cranston	Kerrey	Shelby
D'Amato	Kerry	Simon
Danforth	Kohl	Simpson
Daschle	Lautenberg	Smith
DeConcini	Leahy	Specter
Dixon	Levin	Stevens
Dodd	Lieberman	Thurmond
Dole	Lott	Wallop
Domenici	Lugar	Wellstone
Durenberger	Mack	Wirth
Exon	McCain	Wofford

NAYS—3

Brown	Craig	Symms

NOT VOTING—4

Helms	Sanford
Roth	Warner

So the conference report was agreed to.

Mr. MITCHELL. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

UNANIMOUS-CONSENT AGREEMENT—SENATE RESOLUTION 324

Mr. MITCHELL. Mr. President, I ask unanimous consent that Senate Resolution 324 be deemed to have been submitted.

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

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

AMENDMENT NO. 2709

(Purpose: To provide for programs that aid Americans)

Mr. RIEGLE. Mr. President, I rise to offer an amendment on behalf of myself and Senator METZENBAUM, and I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan [Mr. RIEGLE], for himself and Mr. METZENBAUM, proposes an amendment numbered 2709.

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

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

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. RIEGLE. Mr. President, let me indicate to my colleagues that the amendment we are offering addresses some of the basic problems here in America that are essentially the same problems that we are undertaking to deal with in the old Soviet Union.

The reason we are doing that is, as everyone here knows, we have major economic problems in our own country, and we are not doing much to solve those problems. People across America in all of the 50 States cannot understand why. They are having great difficulty understanding why, when they are having problems, we cannot seem to get a response out of our Government to deal with their problems as American citizens; but, at the same time, we find the resources and we find the capacity to help all around the world, whether it is in Kuwait, Mexico, Communist China, the old Soviet Union, or you name it, and we have programs for virtually every country in the world, but we are doing very little to respond to our own urgent problems.

Case in point: Today, the unemployment data came out, and unemployment has gone up to 7.8 percent.

We now have 10 million people officially unemployed and another 6 million that are either in the discouraged

worker category, or in a situation where they are working part time, because they cannot find full-time work.

We have had all of the other economic news this week—of major companies doing multi-thousand-job layoffs, permanent layoff announcements all across the country—and we are in a situation where we have major problems bearing down on our people.

Well, unemployment and a very uncertain economic future is the worst of those problems. In addition to that, we have a host of other difficulties that we are not dealing with. Some are the problems of urban people packed in urban centers, where we have not had a sufficient response to try to unlock those problems and get people on tracks that offer some prospect for a better life and a more successful life. We have major problems in child immunization. We have fallen way behind in terms of getting basic medical immunizations to protect them from measles, polio, and things of this kind. We are not responding in that area. The list goes on.

So the amendment I am offering with the Senator from Ohio moves in, and in five different areas offers an authorization of additional help for the American people that corresponds to the kind of help contained in here for those people in the old Soviet Union.

The amendment concerns the humanitarian and technical assistance provisions in the bill. The bill includes, among other things, medical assistance programs—this is all now for American people—and programs to give citizens technical assistance in business, such as we are also doing in the Soviet Union.

Contained in this amendment—and I will outline it in a minute—is also aid to unemployed people in America, and to young people in America, the very things that sections of this bill are designed to help accomplish over in the former Soviet Union.

So the areas that we cover in terms of domestic initiatives here are the Job Corps Program—which is highly successful—and trying to get young people in America through a job training situation and out on to a job track. A program called youth build, the child immunization program, community development block grants for the communities across the country who are struggling with problems, and finally State technology extension programs, again, a counterpart to what we are undertaking to help the ex Soviet people do for themselves.

Two of these programs, the youth build and the CDBG programs have just passed the Banking Committee and are included in the housing bill, by a vote last week. The language for the expansion of the State technology extension program passed in the Senate last Wednesday as part of Senator HOLLINGS' Manufacturing Strategies Act. My amendment would increase the authorization for that program by $130 million.

The amendment, taken as a whole, includes an increase in authorizations and totals $998.5 million, which is roughly comparable to the total new authorizations for assistance to both the former Soviet Union and Eastern Europe. These are authorizations for fiscal year 1993 only. Funds for all of these programs will still need to go through the normal appropriations process.

We have handled that in precisely the same fashion we did earlier, in discussions with Senator BYRD on the defense conversion issue, and that also forecloses any budget points of order.

I might say that the U.S. Conference of Mayors has studied our amendment and has sent me a letter dated today—I will not read the whole letter now—in which they endorse and advocate adoption of our amendment.

I ask unanimous consent that that letter be printed in the RECORD at this point.

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

THE U.S. CONFERENCE OF MAYORS,
JULY 2, 1992.

Hon. DONALD W. RIEGLE, Jr.,
U.S. Senate, Senate Dirksen Office Building, Washington, DC.

DEAR SENATOR RIEGLE: Last week the U.S. Conference of Mayors held its 60th Annual Meeting in Houston, Texas. At this meeting, we adopted an amendment to the $35 billion sever-point emergency jobs proposal we have been promoting since January of this year. The amendment says that the Conference:

"will not support foreign aid legislation that does not also include a program of domestic urban aid in amounts equal to or greater than that which we are willing to invest abroad."

We have learned that your are considering introducing an amendment to the Russian Aid bill which would add an additional $998.5 million in domestic assistance funds, including an additional $500 million for the Community Development Block Grant program, and $400 million for economic conversion efforts. Our policy certainly supports your efforts and the Conference of Mayors, which is a bi-partisan organization representing all cities over 30,000, supports your efforts.

In light of the emerging tax bill in the House of Representatives which purports to be an urban aid package, we feel your efforts would be extremely helpful in beginning to address some of the needs of urban America.

Attached please find a copy of our most recent policy resolution. Thank you for all your help.

Sincerely,

J. THOMAS COCHRAN,
Executive Director.

RESOLUTION NO. 47

Whereas, the nation's second largest city has experienced the worst civil disturbance this country has seen in this century; and

Whereas, the basic cause of the Los Angeles riots, and similar disturbances in other cities, is the failure of the national government to invest in cities and their people; and

Whereas, retaining the federal budget "firewalls" prohibiting defense savings from being used for domestic savings means that domestic programs will be cut $6.5 billion in FY93; and

Whereas, the federal government has been withdrawing billions of dollars from cities for military expenditures for years so that, for instance, in 1990 alone the federal government extracted a net amount of $8.38 billion from New York City, $3.27 billion from Los Angeles, and $3.1 billion from Chicago, according to a study done by the Boston Redevelopment Authority; and

Whereas, no area in this country will remain prosperous unless the resources available to the federal government are invested in the infrastructure and people of the cities; and

Whereas, the United States Conference of Mayors has called for a $35 billion emergency jobs and anti-recessionary initiative for 1992, including $15 billion for targeted fiscal assistance, $5 billion for public works, $6 billion for Community Development Block Grants, waiving matching requirements for transportation projects, $2.8 billion for job training, $2 billion for small business loans, and waiving the matching requirement for the HOME program; and

Whereas, given the needs of the country, an immediate $35 billion domestic investment program is modest, for instance, the U.S. Department of Transportation estimates that it will take $41.5 billion a year just to maintain the roads and bridges at their present inadequate level; other estimates of infrastructure costs are $40 billion a year for low-income housing; $1.5 billion a year to refurbish urban schools; and $15 billion over the next six years to rehabilitate public hospitals; and

Whereas, 100 of the nation's most distinguished economists, including six Nobel Laureates, have called upon the President and Congress to enact an immediate $50 billion per year program of grants to states and cities for infrastructure, education, and the other needs of businesses and residents; and

Whereas, those economists have called for such a program even if it increases the federal deficit; and

Whereas, unless such a program is enacted, an economic recovery will be weak, anemic, and short lived; and

Whereas, the United States has the lowest spending on infrastructure of any industrialized country; and

Whereas, in 1990 the Congress adopted a budget agreement that eliminated the deficit reduction targets and replaced them with spending caps in the areas of domestic, defense and international spending; and

Whereas, under the 1990 budget agreement domestic programs were held to past years' levels or received modest increases; and

Whereas, the 1990 budget agreement contained "budget firewalls" that precluded shifting funds between domestic, defense and international accounts; and

Whereas, the budget firewalls under the 1990 budget agreement precluded domestic programs from sharing in defense savings resulting from the peace dividend: Now, therefore, be it

Resolved, That The U.S. Conference of Mayors urges Congress and the President to enact an immediate emergency economic stimulus and jobs program of at least $35 billion; and be it further

Resolved, That The U.S. Conference of Mayors urges Congress and the President to eliminate the "firewall" that prohibits savings in defense spending from being used for domestic spending; and be it further

Resolved, That The U.S. Conference of Mayors will not support foreign aid legislation

that does not also include a program of domestic urban aid in amounts equal to or greater than that which we are willing to invest abroad.

Projected Cost: $35 billion.

Mr. RIEGLE. Mr. President, I will read one line: "We feel your efforts would be extremely helpful in beginning to address some of the needs of urban America."

That was sent to us today and lays out why they feel that it would have that affect.

Mr. President, I want to concentrate on a couple of the issues here in terms of the substance of what is in our amendment, and make a couple of broad points, and then yield to my colleague from Ohio.

In the area of comprehensive child health immunization, this creates a strategy within existing public health care and social services programs to increase the immunizations and prevent outbreaks of preventable childhood diseases. It authorizes $11.5 million for fiscal year 1993. It is identical to S. 2116 that I introduced back in November of last year with Senator BOND, Senator JOHNSTON, Senator COCHRAN, and Senator BRADLEY as cosponsors. The reason this is essential is not only that it is a positive gesture to these young children in our own society, but for every $1 we spend on child medical immunizations, we save $10, because we avoid illnesses that later arise and then have to be paid for. So you not only have the unnecessary suffering of the child, but the increased cost of medical care. So we know that this money, in fact, saves us a great deal of additional money, if we go ahead and do it.

The same thing with respect to the Job Corps Program. The increases in funding for the Job Corps Training and Employment Program would allow us to create across the country 15 new Job Corps Centers. That would increase the authorization by $236 million in fiscal year 1993.

As everyone here knows, the Job Corps is a national training and employment program to assist disadvantaged young people, primarily through a boot-camp-like employment training experience. It focuses on economically and educationally disadvantaged youth between the ages of 16 and 22. As we know from these unemployment numbers today, the unemployment rates among young people in these categories, particularly in urban areas, is about 50 percent, virtually all across the country. Many of these young people see no hope today, because society has not created any meaningful route into a job situation in the kind of economy that we have today.

That is what the Job Corps Program is for. It has proven itself over time. It has met the test of time. It is a cost-effective program with a track record of success which has generated broad bipartisan support. Again, the figures here show that the Job Corps returns to us $1.46 for every $1 we invest in terms of getting young people through a job training experience, getting them hooked up in the job market in a way that enables them to go on and have some prospect for a successful work life and a successful life generally.

The youth build program I described a while ago creates a new youth training program which provides grants to community-based groups to educate and train disadvantaged high school dropouts through a program involving construction and rehabilitation for housing for low-income people. This would authorize $40 million for fiscal 1993. It is identical to a provision in the housing bill that we reported out of the Senate Banking Committee just a few days ago.

This program, which has been field tested and is generating excellent results, links job training, education, and leadership development and targets these to the population most at risk in our inner cities which are poor kids, who are undereducated, between the ages of 16 and 24, and it enables these disadvantaged youths to become self-sufficient while at the same time working to increase the supply of affordable housing, which is another terrible problem that has to be dealt with, particularly in our urban centers. It is modeled on existing programs that now exist in a dozen cities.

I am going to insert in the RECORD at the end some articles from the New York Times and other places that talk about the success of this program.

Let me just say with respect to assistance to U.S. businesses and communities: We increase funding for the Community Development Block Grants to provide flexible funds for communities across the Nation for community and economic development activities. The amendment authorizes an increase of $500 million in 1993. That brings us to a total additional $3.9 billion for fiscal 1993 in this area. Identical to the provision of the housing bill reported again from the Senate Banking Committee.

This is also a program targeted to low- and moderate-income people. Seventy percent of all CDBG dollars provide benefits to this income group in the form of facilities or services or job creation that moves them ahead.

This program is sort of a partnership program, that is the one thing that is left that really gives some financial muscle and wherewithal to local communities to let them try to turn around the conditions in these communities so that we are again on the upswing and we are seeing and improving the quality of life and seeing our problems being met and solved.

Finally with these State technology extension programs, we authorize $130 million in fiscal year 1993—not a large sum of money. We presently spend over $400 million on agricultural extension and yet farming accounts for only 2 percent of our gross domestic product. I am all for the farm extension program, and a strong supporter of it. But the STEP program, as it is called, is established to give aid to State and local governments for manufacturing extension and other business aid programs.

Senator ROCKEFELLER was the primary sponsor but Senator HOLLINGS has taken the lead on this issue, and this language was taken from Senator HOLLINGS' Manufacturing Strategies Act, which, as I say, passed the Senate Wednesday, just yesterday. And this is something that also I think it is fair to say enjoys broad bipartisan support.

So much for the details, let me just make a comment about why this is essential. The people of America have always had a generous and humane impulse with respect to people with problems around the world. And since the Marshall plan and before, we have helped repeatedly in different parts of the world when other countries and other people have had great needs.

We are now in a situation where we have enormous unmet needs in this country. We have people in this country who are desperate for help, who are doing everything they can to hold their own lives together, hold their family lives together. And these are specific areas designed to put additional economic strength into the American economy.

I know some will say, well, we cannot afford it. But the contradiction there and I think the hypocrisy there is how do we say we can afford it for the people in the old Soviet Union but we cannot afford it for our own people?

I mean, how do we say to people in America who are on the outside looking in and in desperate circumstances, sorry, we do not really have the time or the way or the resources to help you, but we do have the time and the way and the resources to help people in another country with equivalent kinds of problems.

And in the Soviet aid bill, we are talking about helping them restructure their economy. We are talking about medical assistance. We are talking about doing the very things that are needed by people in this country.

So what I have done here with Senator METZENBAUM is we have crafted a package of roughly equal dollar amounts. In this area of humanitarian assistance and in saying if we are going to make this money available to the people of the old Soviet Union for this kind of problem solving, we are going to make an equivalent amount of money available later in America to help American citizens who are in equivalent kinds of circumstances where they also need help. We are saying if you help one, you help the other. You do not ask the American citizen to stand last in line.

Now I realize that offends the Bush administration, because the Bush administration has an economic program for every country in the world except this one. And that is a major problem. And that is one of the reasons why there is a political rebellion loose in the country right now, and why the President's popularity rating has gone down, down, down, down, because we have not been responding adequately to the economic problems facing people here in America.

I think we owe it to our own people, first, to respond to their urgent needs if we are going to at the same time say that we have the capacity to reach out across the ocean and help people with serious problems in other parts of the world.

So we are saying let us do both at the same time. Let us have this assistance move in tandem. We help people in other countries, then we help people in our own country. We do not ask Americans to go to the back of the line and wait and instead take the money off the top and give it to the old Soviet Union, or give it to Kuwait, or give it to somebody else. That is the basic issue here.

I realize that we can get terribly insulated here within the Beltway, and even within the United States Senate and we can become so humane in terms of our impulse to help the rest of the world that we forget about the need to be humane to our own American people.

We are losing the faith of the American people, because so many of the American people today feel that they are losing their economic future.

This is designed to help create an economic future for more and more Americans who today are shut out and are in desperate circumstances, and we should do no less for our own people than we are prepared to do for somebody in some other land. It ought to be fundamental. When you go back and look at the founding documents, we talk about the need to look at the common good by helping everybody in America, of caring about the quality of life for every citizen.

We have gotten away from that. Unfortunately, I think a lot of the economic philosophies and the Government philosophy of the 1980's have been aimed at people who are very well off in our society. That reliance on trickle-down economics and a lot of other things, has not worked.

We have huge deficits. We have massive unemployment. And we have all kinds of human problems out there that have not been met or are not being addressed. So this makes a beginning. It says, look, if you are going to provide this much help to those people, you provide the same amount of help to the American people. If you are going to provide humanitarian assistance to another country, then you provide the same kind of humanitarian assistance to people in your own country that have equivalent kinds of problems. That is the concept, that is the philosophy, and it is reasonable.

Now not a penny will be spent if it is not appropriated. And I would hope that the managers of the bill would accept this amendment, because we do not have to be in here debating it all night long if we can get it into the bill, but it is essential that it go into the bill because it is something that is important to our country. And it sends a signal that the American people are not going to be asked to stand last in line behind still another foreign aid program, and another effort to help other people in another country, however justified that need may be.

Finally, I want to insert into the RECORD the fact that we need to do much more with respect to an American strategy, and particularly as it regards urban problems. Several of us working together have developed a major urban assistance package, and I have a summary of that here. It would go far beyond what we are proposing in this narrowly drawn amendment here. But I ask unanimous consent that broader strategy outlined in greater detail which we will take up at another time and other material be printed in the RECORD.

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

STATEMENT ON THE NEED FOR A FEDERAL URBAN AID PACKAGE

For America to remain competitive in the global economy of the future, we need a massive, comprehensive program of reinvestment in America—in our people in our infrastructure. Students of America's infrastructure needs from Felix Rohatyn to the National Urban League have called for investment programs in the neighborhood of $500 billion over ten years. This amount may seem staggering, but if we get our priorities straight, we can pay for it. Indeed, we will pay for it—either now as an investment or later in lost productivity and the costs of economic and social decline.

Much of this investment program must be targeted to our cities. The upheaval last month in Los Angeles has brought to the forefront of America's consciousness the crisis that grips our inner city—the crisis of a whole segment of our society without economic opportunity and increasingly without hope.

To resolve this crisis, we need to make a commitment to invest in the people of our inner cities—to provide them with the education, job skills, and supportive services like access to day care and to health care without which they cannot move themselves into the economic mainstream. And we need to invest in the economic development of our inner cities—to generate public and private capital for business growth, to support the creation of affordable housing, and to provide additional resources to fight crime and drugs and to rebuild crumbling streets, sewers, and schools.

As Chairman of the Senate Committee on Banking, Housing, and Urban affairs, and the Senate Democratic Task Force on Community and Urban Revitalization, I have head about our urban needs from the mayors and the community leaders who are on the frontlines in our cities. The U.S. Conference of Mayors has called for a $35 billion package of targeted investment in our cities, and the Community and Urban Revitalization Task Force has been on record in support of a comparable package since February.

But the political reality we confront today is that an investment program of this size has little to no chance of passing and surviving a Presidential veto. Indeed, we could not even get the President to support a $2 billion emergency supplemental for summer jobs and education programs. The $1.1 billion dollar package the President finally agreed to support barely makes a dent in our urban problem.

I have been working with House Majority Leader Gephardt, Senate Majority Leader Mitchell, Senators Sasser and Kennedy and others to negotiate with the White House on a broader urban aid program that would complement the emergency supplemental. House leaders and the Administration last night reached an agreement that would link additional resources of $2.5 billion over 5 years to enactment of enterprise zones. However, this package guarantees only $500 million in appropriations. Although I commend both the House and the Administration for recognizing that we need to supplement enterprise zones with targeted federal resources, I do not believe that the package they have agreed on commits federal resources for our urban crisis on a scale that offers any hope of making a dent in the problem.

I support the concept of enterprise zones, but I am convinced that our experience with state and local zones teaches us that the tax-oriented zones supported by the Administration are only half a strategy to deal with inner city decline. And half a strategy is doomed to failure. We have an enterprise zone in Michigan in an inner city community called Benton Harbor. And while this zone has been credited with generating some business expansion and creating perhaps 700 new jobs, all observers agree that only a handful of those jobs have gone to inner city residents.

At the same time, Benton Harbor's high school is graduating only half the 600 students that it should be graduating, the streets are unsafe because the city lacks the funds to hire 10 police officers that it needs, and a large segment of the population lives in dilapidated housing. What will truly empower the residents of Benton Harbor are additional federal resources to help them rebuild their community and develop the skills they need to support themselves. Tax breaks to outside businesses cannot provide those resources. We need an expanded enterprise zone concept that offers additional targeted resources to zone communities as well as tax breaks to businesses that locate in a zone.

Senators SASSER, KENNEDY and I—all members of both the Senate Democratic Task Force on Community and Urban Revitalization and the Senate group involved in negotiations with the White House—have put together a proposal for a second tier urban aid package of $6.683 billion in supplemental appropriations in fiscal 1992 and 1993. The proposal incorporates several elements of the President's six-point urban plan but places a stronger emphasis on job creation, education, and affordable housing. The proposal also calls for the provision of new resources to aid our cities, while the President's plan would be funded by cuts in existing programs.

This proposal is a far cry from the $35 billion that the mayors need. But—unlike the package that the Administration and the House leadership have put together—it is at least a reasonable start on what should be come a program of reinvestment in our urban centers and in all our communities. And it is small enough that it can be paid for with anticipated reductions in defense spending for fiscal 1993.

In particular, the proposal calls for $858 million in funding for the Weed and Seed program, which targets law enforcement and community development resources to distressed communities. The proposal increases by $328 million the President's proposed funding, with increases in key areas including drug treatment grants, the Women, Infants, and Children (WIC) food supplement program, Head Start, and Job Corps and incorporates the Police Corps program to recruit college graduates into local police forces.

The proposal provides $1.218 billion for affordable housing and empowerment. It funds the President's HOPE program at its authorized level but also addresses the roots of the nation's affordable housing crisis. It expands the supply of affordable housing through community-based initiatives; uses housing development to create jobs for inner city low-income youth; expands enforcement of the nation's fair housing laws; and revitalizes severely distressed public housing.

The proposal provides $940 million for infrastructure and growth. It funds enterprise zone tax incentives, modifies and extends the targeted jobs tax credit, and provides additional funding for a Community Development Block Grant program for distressed areas. And it improves access to capital in distressed areas and supports community development corporations.

The proposal provides $1.624 billion for educational opportunities. It funds the Senate-passed Neighborhood Schools Improvement Act to restructure elementary and secondary schools and increases funding for Head Start, the Chapter One Compensatory Education program for disadvantaged elementary and secondary students, and Talent Search, which encourages disadvantaged high school students to attend college.

The proposal provides $675 million for social services and health, including additional funds for drug abuse treatment and prevention programs, emergency AIDS relief, primary care programs, and WIC.

Finally, the proposal provides $1.368 billion for job training activities. It expands Job Corps and funds a Youth Community Corps and other youth employment initiatives. And it raises the AFDC asset limits and reduces the state and local match requirement for the AFDC JOBS program.

This proposal represents no more than a downpayment on what must be a sustained program of reinvestment in our cities. To those of my colleagues who say we cannot afford to enact this package, I say we cannot afford not to enact it. As to where we find the dollars, we can pay for the package I have outlined by eliminating production of just three B–2 bombers. The choice is clear: we can continue using our resources to fight the Cold War we have already won or we can start using our resources to fight the War for Economic Opportunity we are on the verge of losing. I call on my colleagues on both sides of the aisle and on the President to join with me to fight this war and to support the urban aid proposal I have outlined.

I include a detailed summary of the proposal and comparison with the Administration's six-point plan in the RECORD.

DEMOCRATIC URBAN POLICY PLAN

I. WEED & SEED

Administration proposal

The Administration characterizes their Weed and Seed initiative as a $500 million "new" program. However, $220 million of these funds would be taken from existing programs, resulting in new expenditures of this initiative of $280 million. The program is designed to aid distressed urban areas by "weeding" out drugs and criminals and "seeding" the neighborhoods with jobs, education and other social services. The program is coordinated by the Attorney General and involves the efforts of six other federal agencies (Labor, Justice, Health and Human Services, Housing and Urban Development, Education and Agriculture), states, local governments and the private sector. The Administration proposes to fund thirty Weed & Seed neighborhoods in FY 1993 and eighty percent of the funds would go to areas also designated as federal enterprise zones.

Democratic plan

The Democratic initiative provides $608 in new funding ($328 million beyond the Administration) for the Weed and Seed program and targets the funds to critical drug treatment, employability, health and education programs. Within the Department of Justice the Democratic plan increases funding by $19 million beyond the Administration's level. This includes $10 million for additional Office of Justice Assistance initiatives such as the creation of community policing projects and expansion of Boys and Girls Clubs. The plan also provides $87 million more than the Administration for Department of Labor programs, including $50 million for Jobs Corps and $28 million for JPTA. Within the Department of Health and Human Services, an additional $57 million is provided above the President's level. This includes $17 million for drug treatment grants, $20 million for Head Start and $20 million for community health centers. In addition, the Democratic plan provides $44 million for CDBG and $15 million for WIC above the level in the Administration's Weed and Seed program.

The Democratic program is targeted for thirty distressed communities and eighty percent of the funds would go to areas also designated as enterprise zones under the Senate's enterprise zone legislation.

The Democratic plan also includes the crime bill's (H.R. 3371) Police Corps initiative. The Police Corps program provides college scholarships to students who commit to four years of service as police officers. The measure costs $100 million in FY 1993 and will bolster state and local law enforcement efforts.

II. AFFORDABLE HOUSING AND EMPOWERMENT

Administration proposal

The President has recommended including the Home Ownership and Opportunity for People Everywhere (HOPE) in the urban package. HOPE provides assistance for the creation of resident management corporations (RMCs) and funding for the sale of public, HUD-owned and other Federally-owned housing to RMCs or individual tenants. The Administration proposal includes no new money beyond that proposed in the budget. HOPE received $361 million in 1992 appropriations; the budget requests $1.01 billion in 1992.

Democratic plans

Despite the best efforts of thousands of individuals and organizations, the nation's affordable housing crisis continues to worsen. In HUD's own estimate, there are currently 5.1 million families with "worst case housing needs"—that is, paying more than 50% of their income for rent or living in severely substandard housing (often without plumbing or kitchen facilities).

The Administration's proposal provides no "hope" for these 5.1 million families—all of whom are on the brink of "homelessness". For the most part, HOPE will merely help current tenants in federally subsidized housing to become homeowners. That will not expand the supply of affordable housing nor assist families who are not currently receiving federal aid.

HOPE also fails to address other pressing housing related needs—the failure of federal programs to generate jobs for low-income youth, the pervasive discrimination in the rental and mortgage markets and the segregation inherent in the location of most public and assisted housing.

Despite these criticisms and despite concerns about HOPE's cost and long-term viability, the Democratic plan would fully fund the HOPE program at the authorized level. The Democrats believe that Secretary Kemp's tenant ownership initiative needs to be tried and tested.

In addition, the Democratic plan would also provide funding for four other activities that more directly address the roots of the nation's affordable housing crisis.

1. *The HOME Program*: The Democrats plan would increase funding for and improve the HOME Investment Partnerships program. This exciting initiative—created by the National Affordable Housing Act after three year of intensive bipartisan effort—gives states and localities the resources and flexibility to respond to their local housing needs. Primary focus is places on expanding the supply of affordable housing through partnerships with nonprofits and other private actors. The program was authorized at $2.1 billion in FY92, yet received only $1.5 billion in appropriations.

The Democratic plan would provide an additional $600 million over the FY92 level in order to increase funding to $2.1 billion in FY93. In addition, the plan would make statutory revisions to HOME that ease restrictions inhibiting the implementation of the program (e.g., new construction limitations, matching requirements).

2. *Fair Housing*: The Democratic plan would expand and revise the Fair Housing Initiatives Program (FHIP) to reflect the expanded coverage of federal fair housing and fair lending laws and the increased evidence of continued discrimination in the housing markets. FHIP provides the primary federal support for private fair housing enforcement and education efforts.

The Democratic plan would provide an additional $14 million over the FY92 level of $7.3 million for FHIP.

3. *Distressed Public Housing*: The Democratic plan would establish and fund a separate program for the revitalization of severely distressed public housing—in accordance with recommendations recently put forward by a National Commission. The Commission found that some 86,000 public housing units suffer from multiple problems—the concentration of the very poor; serious flaws in the original design of developments; the location of developments in distressed communities; the lack of a consistent federal commitment; and serious management deficiencies.

In this vein, it is highly unlikely that simply "making tenants homeowners" will resolve the multiple problems of distressed developments. Residents will continue to live

in dense, segregated developments with little change in their economic or social situation. It is clear that more comprehensive solutions are needed to make meaningful change.

The Democratic plan would create a separate program to revitalize the most distressed public housing developments. The program would involve residents and community groups in comprehensive planning, major reconstruction, supportive service and management reform initiatives. The plan would reprogram $300 million from new public housing development funds and add an additional $100 million—bringing the total for the Democratic plan for distressed public housing to $400 million in FY93.

III. INFRASTRUCTURE AND GROWTH

Administration plan

The Administration has proposed a version of Urban Enterprise Zones which comprises the core of its inner-city job creation strategy. The three part plan would provide a capital gains tax break for investment in a zone, a refundable credit for certain workers hired in the zone, and an income tax break for investment made in zone businesses.

Democratic plan

The Democratic Plan incorporates a modified enterprise zone proposal. In addition, it proposes to extend and modify the targeted jobs tax credit, to provide additional funding for a CDBG program for distressed areas, and to implement a public works program to repair and renovate urban schools. Finally, the plan includes several initiatives designed to improve access to capital in distressed areas and adds additional funds for community development corporations (CDCs).

1. *Enterprise Zones:* The Democratic plan includes an expanded enterprise zone proposal with tax benefits targeted primarily at zone residents. In keeping with a recent Congressional Research Service analysis, the plan would avoid providing disincentives to labor hiring and would be designed so as to stimulate *new* job creation rather than attracting jobs from areas outside the zones.

In addition, other portions of the Democratic plan would be keyed to providing benefits within the zones. Eligibility for designation as an enterprise zone would require meeting certain statistical measures of poverty, unemployment and general economic distress. Zone size and structure would be limited and would be coordinated with local government activities which could include any number of measures to entice business, reduce government burdens on business, improve job training and opportunities, and provide land or other assets.

2. *Targeted Jobs Tax Credit:* Under current law, the targeted jobs tax credit (TTJ) is available on an elective basis for hiring individuals from nine targeted groups. These groups are (1) vocational rehabilitation referrals; (2) economically disadvantaged youths aged 18 through 22; (3) economically disadvantaged Vietnam-era veterans; (4) Supplemental Security Income (SSI) recipients; (5) general assistance recipients: (6) economically disadvantaged cooperative education students aged 16 through 19; (7) economically disadvantaged former convicts; (8) eligible work incentive employees; and (9) economically disadvantaged summer youth employees aged 16 and 17. Certification of targeted group membership is required as a condition of claiming the credit.

The credit is generally equal to 40 percent of the first $6,000 of qualified first-year wages paid to a member of a targeted group. Thus, the maximum credit is $2,400 per individual. For economically disadvantaged summer youth employees, however, the credit is equal to 40 percent of up to $3,000 of wages or a maximum of $1,200. The employer's deduction for wages must be reduced by the amount of the credit claimed.

The Democratic plan would expand the targeted groups to include job seekers who are currently collecting unemployment and enterprise zone residents who are currently unemployed. In addition, the credit would be expanded to be equal to 50 percent of up to $6,000 of wages for individuals who are hired and who live in the zone.

3. *Community Development Block Grants:* Most research on enterprise zones suggests that enterprise zones comprised of tax breaks alone have not done as well as enterprise zones coupled with other public services, notably infrastructure. Moreover, enterprise zones may require the passage of contentious tax legislation and the business creation expected in the zones could take some time to develop. The Democratic plan would provide a special supplemental appropriation for the Community Development Block Grant program that can take advantage of the existing formula and administrative infrastructure to get funding out to distressed communities in a speedy fashion.

CDBG FOR DISTRESSED AREAS—PROGRAM DESCRIPTION

The program would use existing CDBG statutes and regulations to distribute and govern use of the funds with the following exceptions:

HUD processes would be streamlined to make the money available to the cities for drawdown by August 1.

For this pot of money only, CDBG cap on social service spending would be lifted.

Cities would be required to the funding within areas designated (or likely to be designated) as urban enterprise zones.

4. *Initiative to Improve Access to Capital in Distressed Areas:* Access to capital is crucial to reinvestment and in the revitalization of urban neighborhoods. In recent years, in response to difficulties in obtaining credit and other sources of capital through traditional sources, "alternative" financial intermediaries have emerged to meet the need for development capital in low income and distressed neighborhoods. These intermediaries include community development banks, community development credit unions, microbusiness development programs, community development credit unions, and nonprofit loan funds. These new models hold great potential for bringing capital to low-income neighborhoods and creating new opportunities for their residents.

The Democratic plan would establish a five-year demonstration program to provide capitalization and technical assistance for the purpose of establishing new or expanding existing "alternative" financial intermediaries. The program would be funded at $100 million in FY 1993.

5. *Community Development Corporations:* The Democratic alternative also provides an additional $100 million for Community Development Corporations. Funds have been used in distressed neighborhoods by nonprofit CDCs to create jobs and promote economic opportunity. They have developed over 17,000,000 square feet of commercial space in economically distressed communities and have created and retained more than 90,000 jobs in the past five years. CDCs provide not only job training and job opportunities for local residents, but also lasting stability and a stake in the community.

6. *A Public Works Program to Repair and Renovate Urban Schools:* In addition to providing job opportunities, a public works program focused on repairing urban America's deteriorating school buildings would do a great deal for improving the learning environment of inner city youth. In his best selling book, "Savage Inequalities," Jonathan Kozol has exposed the conditions of urban schools in a way that has shocked the public. At the very least, such a public works project would repair leaking roofs, bring light into darkened hallways, and make safe old heating boilers.

7. *Youthbuild:* The Democratic Plan includes $40 million for grants to Non-profit groups to replicate the successful Youthbuild program. Youthbuild provides dropouts jobs building and renovating houses.

I.V. EDUCATIONAL OPPORTUNITIES

Administration proposal

The Administration proposes to spend $768 million on AMERICA 2000 in FY93. The centerpiece of the legislative proposal which complements the President's "Education Strategy," is a school voucher program. The $500 million for "Choice Grants for America's Children" would provide $1,000 certificates, funded 50 percent by states and 50 percent by the federal government, for students from low to moderate income families to use at any public or private school under a state's federally sponsored school choice program. The remaining $268 million would fund "New American Schools," alternative certification, and other AMERICA 2000 initiatives.

Democratic plan

The Democratic plan consists of four components totalling $1.6 billion in 1993 including increased funding for: Compensatory Education, Head Start, a TRIO program and funding for S.2, the Senate Passed Neighborhood Schools Improvement Act.

1. *Increase Funding for Compensatory Education under Chaper 1 by $675 million:* Chapter 1 funds are targeted to instruction in reading and math for economically and educationally disadvantaged students. The program is the primary source of federal education assistance to disadvantaged students. It provides for smaller classes, specially trained teachers and aides, and more varied instructional approaches and materials. So called "concentration grants" in the Chapter 1 program which provide extra schooling opportunities to disadvantaged children when they form a large portion of a school's system's enrollment should receive a portion of these increased funds.

2. *Increase Funding for Head Start by $475 million:* Head Start has proven how early childhood education can put a student on the right path toward educational achievement. Expanding the regular program would allow for services to be provided to more eligible children. Even Start which provides Head Start services in tandem with adult literacy programs should receive a portion of these increased funds.

3. *The Neighborhood Schools Improvement Act, S.2:* The President should sign the Neighborhood Schools Improvement Act when it reaches his desk later this session of Congress. While this comprehensive education reform measure does not provide for federal funding of private school choice, S.2 does allow States to use funds for initiatives to increase parental choice among public schools. Providing $429 million for this legislation will create real federal support of educational innovation. Neighborhood School Improvement Plans, when implemented will touch the lives of many more students than AMERICA 2000's New American Schools plan. S.2 also provides for the following

pieces of the AMERICA 2000 plan: increased flexibility of federal education programs, and funding for the National Education Goals Panel and the creation of the National Education Standards and Assessment Council.

4. *Increase Funding for TRIO/Talent Search by $45 million:* Expanding the reach of the TRIO programs will motivate disadvantaged youth to seek education beyond high school. "TRIO" programs are aimed at individuals from disadvantaged backgrounds. These funds should go primarily to the Talent Search program for high school students. Talent Search energizes students through enrichment activities and counseling, thus increasing their aspirations to go on to college.

V. SOCIAL SERVICES AND HEALTH

Administration proposal

As part of the "Weed and Seed" program, the White House proposes an increase of $129 million in funding for drug abuse intervention and treatment services, specialized drug treatment and prevention programs for adolescents and pregnant women, and for primary health and prenatal care services delivered through community health centers.

The President's "Weed and Seed" proposal also includes an increase for WIC.

Democratic plan

1. *Drug Abuse Prevention and Access to Health Services:* Several existing health programs, including drug abuse prevention and treatment and community health centers, are in place and appropriately targeted to troubled inner-city areas. The President's proposal to include these vital "weed and seed" initiatives is sound but needs to be expanded beyond the limited areas designated as enterprise zones. The plan recognizes the importance of greatly expanded capacity in the area of drug abuse prevention and treatment and would therefore provide additional funding of $200 million. It would also increase the funding for Community Health Centers by an additional $150 million, and add an increase of $50 million for the National Health Service Corps to increase the availability of health practitioners in underserved urban inner-city areas.

The plan also provides $75 million for the Ryan White CARE Act. This program provides emergency relief to cities hardest hit by AIDS. Funds are distributed on an expedited basis to the urban areas whose public health infrastructure is threatened with with collapse. This program has created alternatives to hospitalization and dramatically reduced pressure on these urban institutions.

2. *WIC/Child Nutrition:* The WIC program provides food supplements to low-income pregnant women, infants and children. Numerous studies have shown WIC to be effective at reducing low birth weight—the leading cause of U.S. infant death. Due to funding constraints, less than two-thirds of those eligible, receive benefits. Increased funding would enable additional needy women, infants and children to receive WIC benefits.

VI. JOB TRAINING

Administration proposal

The Administration's Job Training 2000 proposal would consolidate the existing job training programs and enhance the management role of Private Industry Councils (PICs). These PICs also have a central role in the Administration's Youth Apprenticeship proposal, which would encourage the establishment of apprenticeship programs for high school juniors and seniors.

The Administration proposal contains no new funding, because, according to the plan description "the President's FY 1993 Budget included all necessary funds to implement these programs." The description fails to note that the Administration's FY 93 budget submission proposes a cut in the Labor Department's Training and Employment budget of $41 million, including a $20 million cut from the successful Job Corps program.

The Administration's six point plan includes a package of proposals labeled "welfare reform". The package is very modest; it would cost only $12 million in BA in 1993 and $7 million in outlays. The Administration's approach would include three changes in AFDC aimed at promoting "self-sufficiency" among welfare recipients: 1) raise the AFDC assets limit from $1,000 to $10,000 for families already on AFDC; 2) allow AFDC recipients to establish "escrow" accounts as they work their ways off AFDC; and 3) allow PASS program participants to disregard certain income and resources.

Democratic plan

The Democratic plan for job training and development is comprised of several components including additional resources for the Job Corps, the Commission on National and Community Service, a school-to-work transition program and the Youth Opportunities Unlimited Program.

1. *Job Corps:* The Job Corps is cost effective. It boasts a $1.46 return for every $1 invested, and enjoys broad Congressional bipartisan support. Most importantly, it works. The Democratic Plan, therefore, would expand the Job Corps. Ultimately, 50 new centers and 50 percent more young people would be served by decade's end. For FY 93, $236 million would be used to add 15 new centers to serve 11,000 more young people. Additionally, $452 million in FY 93 would be provided for seriously needed repairs of existing centers. Enhanced services and 10,000 much needed construction jobs would result.

3. *Commission on National and Community Service*: An additional $100 million would be included for the Commission on National and Community Service. Because of its limited funding, he Commission has had to deny grants to two-thirds of applicants. Additional funds will allow the Commission to support Youth Corps programs throughout the nation. Youth Corps provide a dual benefit: employment opportunities and a sense of service for young people and much needed services for communities.

4. *School-to-Work transition programs*: Alone among industrialized nations, the United States does little to prepare its non-college bound young people for high skills/high wage jobs. The Democratic plan would include $100 million to establish School-to-Work Transition programs.

5. *Youth Opportunities Unlimited Program*: This grant program, to be a new part of Title IV of JTPA, will serve disadvantaged youth in high-poverty areas. "Fair Chance" will increase access to education and job training to youth who have previously been underserved by federal education and training programs. The President should sign the Job Training and Basic Skills Act of 1992 when it reaches his desk later this session of Congress.

6. *Welfare Reform and Child and Family Support*: The Administration's proposals seem worth trying, but they are too narrowly applied and fail to get at some core problems facing the AFDC program. For example, current budget projections suggest that States will only use $660–$770 million of the $1 billion available for the AFDC JOBS program this year. One barrier to the use of this money is the level State matching requirements in light of the recession's impact on State resources. A second problem is that the AFDC asset test governing participation in the program has not been updated since 1981. Most notably, the asset test precludes cars about $1,500. The Democratic plan, therefore, proposes to link our poverty programs to job opportunities. Specifically, the plan recommends that:

The matching rate on for the 1992 AFDC JOBS program be changed to 80/20 and the availability of funds be extended to 1993. States for whom the change might increase The match may opt to use the existing matching rate. 1993 cost would equal $380 in BA and $230 million in outlays. (Outyear outlay savings of $60 million are projected from this change).

The Administration *administratively* raise the AFDC asset test for automobiles to make up for the impact of inflation since 1981. The Administration could introduce regulations as part of this package that phase in the new asset limits over 3 years. This action would have no Congressional scorekeeping impact.

INITIATIVES FOR STRENGTHENING URBAN AREAS

[In millions of dollars]

	Administration				Democratic Plan			
	1992		1993*		1992		1993*	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
I. Weed and Seed	19	4	280	144	250	30	608	261
LA. Emergency Assistance	19	4		6	250	30		92
January Budget			280	138			608	169
Department of Justice			11				30	
Department of Labor			5				92	
Department of Health & Human Services			183				240	
Department of Housing & Urban Development			20				70	
Department of Education			56				56	
Department of Agriculture			5				20	
Police Corps							100	
II. Affordable Housing/Empowerment			650	78			1,218	158

INITIATIVES FOR STRENGTHENING URBAN AREAS—Continued

[In millions of dollars]

	Administration				Democratic Plan			
	1992		1993*		1992		1993*	
	BA	Outlays	BA	Outlays	BA	Outlays	BA	Outlays
H.O.P.E.			650				504	58
HOME							600	100
Fair Housing							14	
Distressed Public Housing							100	
III. Infrastructure/Growth				−50	500	50	440	458
Enterprise Zones (revenues)				−50				−50
Targeted Jobs Tax Credit (revenues)								−200
Community Development Block Grants					500	50		250
Access to Capital Initiative							100	
Community Development Corporations							100	
School Renovation							200	200
Youth Build							40	8
IV. Educational Opportunities			802	175			1,624	399
Legislation			768	160				
Current Law Requests			34	15				
S.2 Neighborhood Schools Improvement Act							429	51
Head Start							475	228
Compensatory Education							675	81
TRIO/Talent Search							45	39
V. Social Services and Health			12	7			675	465
Drug abuse prevention and treatment							200	120
Primary Health Programs							275	165
WIC Nutrition							200	180
VI. Job Training			105	6			1,368	463
Job Training	-	-	50	3				
Youth Apprenticeship Act			55	3				
Job Corps							688	103
Community Service (Youth Corps)							100	50
School to Work Transition							100	5
Comprehensive Services for Youth							100	75
AFDC JOBS program							380	230
AFDC Asset Test							(100)	(90)
TOTAL BA and Outlays	19	4	1,849	450	750	450	5,933	2,204
TOTAL Revenues				−50				−250

*Amounts shown are assumed additions to FY 93 appropriations.

INNER-CITY JOBS PROGRAM THROWS YOUNG A LIFELINE

[From the New York Times, June 8, 1992]

(By Peter T. Kilborn)

BOSTON.—The story of Rudolph Griffith's escape from the streets is much like those of some other young men in Boston's wasted inner city community of Roxbury. He left school in the 11th grade. His father, penniless and unemployed, left home. Mr. Griffith lived with his mother sometimes, sometimes with an aunt. Now 25 years old, he lost seven years to the streets, loitering, drinking, seeing his girl, becoming a father.

"I happened to keep away from drugs," he said, "but I came close."

He kept looking for a real job. "I knew I could work," he said. "But nothing worked out. They wouldn't even review your application." His girl took their two children and returned to her parents.

Mr. Griffith followed politics on television and in newspapers and bridled at the stereotype he saw of himself, a young black man. "Politicians have a system to make average people believe we are not to be trusted," he said. "It's a game they are playing with us. I was hot. I was very angry."

Luck threw Mr. Griffith a lifeline. In October 1990, he enrolled at a private, not-for-profit, largely foundation-financed school in Roxbury that was just getting started. It was called Youth Build Boston.

Eight months after completing the program, Mr. Griffith is one of its success stories, earning close to $10 an hour recording engineers' design changes at a huge water treatment plant under construction in Boston Harbor. He and his girlfriend are back together, with their children, three of them now, in an apartment of their own. And in September, Mr. Griffith plans to start college, part time, to study civil engineering.

Many members of Congress, educators, urban planners and public interest groups believe that this school, situated in a former factory, could hold the key to freeing thousands of other urban youths from the shackles of poverty and crime.

New as it is, the school is gaining recognition as a wellspring of human reclamation, a private program for training the hard core of unemployed urban youth, with a model that is usable in city after city.

Youth Build schools based on the Boston model have opened in San Francisco, Cleveland, St. Louis, Milwaukee, Indianapolis, and in Tallahassee and Gadsden County, Fla.

So far, just 300 students are enrolled in the schools together at any one time. But more schools are opening this year in six other cities, and after the riots in Los Angeles, similar schools are being planned there.

Bipartisan bills now in Congress would authorize $40 million next year and $80 million in 1994 to establish scores of other schools.

A DIFFICULT ROAD TO SUCCESS

While job-training programs are widely seen as a basic step in helping undereducated inner-city youth into the economic mainstream, their task is daunting: Even at Youth Build, an expensive comprehensive program that only takes students who have actively sought training, a third of the students drop out. And because the program is small and new, its long-term success rate is not yet known.

Youth Build is the innovation of a 50-year-old educator, Dorothy Stoneman, who established two precursors of the Boston school, one 14 years ago in East Harlem, another eight years ago in the South Bronx, both still operating as part of the Youth Action Program, which she directed until 1988.

Her Youth Build schools are financed by the Ford Foundation, the Charles Stewart Mott Foundation, the DeWitt Wallace-Reader's Digest Fund, the Lilly Endowment, the Campaign for Human Development and local groups, both public and private.

The schools' No. 1 priority—the thing that sets them apart from many youth development programs—is building the students' self-respect, teaching them leadership and helping them take control of their lives. As part of the process, each class elects a policy advisory committee, which interviews candidates for teaching jobs and has the last word on whom to hire.

Youth Build schools take students aged 17 to 25. In an assessment of five of the schools, the Ford Foundation found that 80 percent of the students were male, 36 percent were parents, 53 percent were from families living on welfare, 88 percent were black and 24 percent had high school diplomas or the equivalent.

Students are paid about $500 a month and get raises and bonuses for good work and good attendance. They spend alternating weeks going to classes to catch up their lost time in high school and getting on-the-job training in a well-paid skill, carpentry, by renovating abandoned housing for the poor.

There is a purpose in the emphasis on carpentry. Students get the skills to get the jobs to build the homes the community needs. Once out of the program, they can keep up the work, taking jobs with contractors or becoming contractors on their own. Ms. Stoneman says the schools could eventually teach health-care skills, which are also needed in the community.

Ms. Stoneman says 60 percent of a class will stay through the 6 to 18 months of a program—the duration depending on financing—and get regular jobs paying an average of $8 an hour, or $16,000 a year. Depending on the location of a school, the program's cost per student is $15,800 a year to $21,500—less than a year in the Ivy League or in society's more common destination for wayward youth, jail.

Of the 28 members of Mr. Griffith's class, 19 graduated. Of those who did not, most were dismissed for absenteeism and drifting back to the streets. One was dismissed for stealing a school check.

STAYING AROUND TO AID NEIGHBORS

Karen Fulbright, head of youth development programs at the Ford Foundation, said: "The general public impression of this group of kids is fear and that nothing works for them. It's a testament to the human spirit that they will flock to this. They want to improve their lives. It's inspiring to go into one of these schools and talk to these kids."

Students are encouraged to remain in their communities. "I want to stay in Roxbury, to build it up a little bit," said Nigeria Johnson, 22, who dropped out of high school pregnant, in her senior year, but now wins academic and leadership awards at the Boston school. "I want to give back."

Anthony Williams, a current student here, said that from the time he was 13, he had been fleeing foster homes. He left high school at 16 and found jobs hard to get.

"It's not like you want to sell drugs," Mr. Williams said. "It almost seems to me we were forced to do something like that. But it's a dead-end world. It ruins my community. It splits up your family. People look at you. 'How many people did he exploit today?'"

Student after student said public schools had written them off. "I wasn't getting much attention," said Larry Blue, who left high school in the 10th grade. "They played me like I was slow. They wanted to put me in slow classes. I wanted the same chances as anybody else. I started running with people doing negative things."

Another common thread is fear of the street. A member of this year's class was shot and killed near a subway station when he rushed to defend a woman being attacked. Mr. Griffith's cousin, Dwayne Richard, who had applied to Youth Build Boston but was not admitted, was shot and killed at a party two months ago, not long after he had stopped selling drugs.

Nathan Young, 23, a current student, was luckier than most of his classmates in having a mentor in his family—a brother, five years older, who left home at 16 and took a job in a supermarket. "He started going to church, and I started going" Mr. Young said. "He gave me a push about working hard."

Last year, the brother was stabbed and killed when he scuffled with a man breaking into his home.

While some students say their street friends have belittled their efforts at job training, other say they have received support for leaving the streets.

"They're pushing me to go through this," Mr. Blue said. "They're saying they want to get in the program, too.

Ms. Stoneman established the Youth Build organization four years ago, after moving from New York to her big white childhood home in the prosperous Boston suburb of Belmont, where she cared for her dying mother. Now, the Belmont office, with a staff of 13, helps other communities replicate the Boston model, providing training, organizational help, seed money from the foundations and guidance in selecting local management. The national office does not control the other schools.

The Youth Build program is too new to have established a track record, and evaluations of it are barely started. "But something is working there," said Ronald Ferguson an associate professor of public policy at the John F. Kennedy School of Government at Harvard University, who has begun an evaluation.

But the likelihood of replicating that success on a broad scale, he said, remains an open question. An uninspired local director or a sour economy can undermine a school.

Several graduates of the Boston school's first class are temporarily working for the school while they wait for the local economy to recover and construction jobs to open. Some have had to settle for menial jobs because they are still working toward their equivalent of a high school diploma.

Still, Phillip Clay, a professor at the Massachusetts Institute of Technology, who is also evaluating the program, said Youth Build was "off to a good start." Other programs to shepherd youth into the mainstream of the economy, too, show promise, including the Government's Job Corps and scores of smaller programs, like those linking employers' needs with students and school curriculums, and others that bring teen-age fathers back to their families and into jobs.

Experts say many different models are needed to respond to students' different needs. One thing they share is a need for more financing.

"What we have are a lot of programs that seem to be working," Ms. Fulbright said. "What we don't have is a public commitment. We don't see resources being directed to these programs that are working."

Youth Build cannot begin to accommodate all those who apply. Jackie Gelb, executive director of the Boston school, said she interviewed 150 serious candidates for this year's class of 36—now down to 24, who have made it through seven months of the program.

"We have to play Russian roulette," she said. "It's sick. You're looking at one person who needs a shot and another who needs a shot, and we have to choose."

USUAL CRITERIA DON'T APPLY

The criteria that conventional schools or employers use to make those choices—grades, work experience, police records—do not apply, indeed, having dropped out of school is almost a plus, since the admissions policy requires that 75 percent of the students have not finished high school.

"We try to target people at the fourth-to-eighth grade reading level, people who are trying to leave the streets, people who have gotten out of jail or have gotten off drugs," Ms. Gelb said.

The most important consideration is a half-hour interview and the staff's judgment of a candidate's commitment to a fresh start.

Surviving the school requires real commitment from people accustomed to the street. There are stiff penalties, ranging from loss of pay to dismissal, for disruptive behavior, absenteeism, or use of drugs or alcohol.

The first two weeks, students take an unpaid "mental toughness" course to help them decide if they have the stamina and self-confidence to stick with the program. At the end of each session the students do "appreciations," going around the room saying what they appreciate about one another.

Those who stay with the program move on to classes in math and English. In a small class, one sucked a lollipop. One left the room without comment to go to the bathroom. Students often spoke up, uninvited. The teacher Lea Campolo, showed no concern.

"They are like college students," Ms. Campolo said. "I encourage people to work out answers together. It's no cheating. It's helping one another, encourage them to speak to one another as long as it's about what we're doing."

Acclimating to work can be difficult Steve Perry, a union carpenter and instructor at the construction site in Roxbury, said: "The hardest thing is gaining their confidence, keeping their attention. They all come with a load; the pressure of the streets; they don't know where they're going to sleep tonight; they're going to be a father."

Most students say they want to go into business for themselves eventually. "I want to buy some land, make a store, design it," Larry Blue said. "A corner food store with everything in it someday, someday maybe. That's a real deep dream of mine."

Mr. RIEGLE. I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I am proud to join the Senator from Michigan in offering this Aid to America Amendment.

The underlying bill, the Freedom Support Act, is important legislation. It is timely legislation. It is in the national interest of the United States. Dollar for dollar, our contribution to stability in the former Soviet Union buys more security for this country than any new piece of military hardware.

But national security comes in many different forms.

It seems to be that the current state of our economy is a national security problem—despite President Bush's assurance that the recession is on the mend.

It seems to me that 37 million Americans without health insurance is a national security problem.

It seems to me that the number of homeless in our streets is a national security problem—not to mention a national disgrace.

It seems to me that the Abysmal state of education in this country is a national security problem.

Certainly, no one would argue that we need to be concerned about stability in Russia. We do.

But it angers me that Russian recovery and the Baltic States recovery is viewed as more of a threat to national security than the rot from within that threatens our Nation.

The chaos in Yugoslavia is offered as a red flag—a warning of what could happen in the lands of the former Soviet Union without Western assistance. I agree: It is a warning, and we should respond.

But what about the warning we had in Los Angeles this spring? Did not anyone see a red flag in over 50 dead, thousands injured, and billions in property damage?

There were pitched battles in the streets, and Federal troops were sent in. This was Los Angeles, CA, USA, not Sarajevo, not Belgrade, and not Moscow. And the violence spread to many other cities, as well.

And how did the U.S. Government respond to this warning, this domestic red flag?

Is there a $12 billion package that was made available to meet the concerns of unemployed workers in this country or people in this country who are without adequate health or without an ability to get a decent education?

We struggled to pass an emergency supplemental appropriations bill. We tried to provide comprehensive relief to urban areas. But against Presidential opposition, the measure was slashed, and it was a pittance.

Now, nearly 2 months later, a second package of domestic relief awaits an uncertain future.

It took 2 months to negotiate a response to the Los Angeles riots—a response that is, frankly, sorely lacking.

Yet the Senate will pass a generous package of assistance to the former Soviet Union in less than 2 days.

I do not rise to oppose the package for the former Soviet Union. I rise to indicate my concern about the problems that we are living with day in and day out in this country.

While our attention is focused on freedom in Russia, let us add another focus: Prosperity and compassion here in the United States.

Of all the days in the year that we ought to be discussing this question of aid to the former Soviet States—with the highest unemployment rate in quite a long time, 7.8 percent—this is the very day when we ought to be combining our concern for those former Soviet States and the people of this country as well.

By offering this amendment, at this time, and on this bill, The Senator from Michigan and I are providing a reminder. Hunger, unemployment and ethnic tension in the United States are as much of a threat to our national security as hunger, unemployment, and ethnic tension in the former Soviet Union.

President Bush's opposition prevented us from appropriately addressing these problems in separate bills, so we now will address the foreign issue and the domestic issue in a single bill.

Mr. President, the American people should understand that it is in their interest to support reform in Russia. But the American people are right to expect that an equal amount of support be directed to them as well.

If we can extend a helping hand to rebuild the former Soviet Union, we had better have the courage to extend a helping hand for economic recovery in America.

Both are in the national interest; both should be national priorities; and both should be addressed by Congress and the administration promptly.

AMENDMENT NO. 2711 TO AMENDMENT NO. 2709

(Purpose: To provide for programs that aid Americans)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Ohio [Mr. METZENBAUM] for himself and Mr. RIEGLE, proposes an amendment numbered 2711 to amendment No. 2709.

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

The PRESIDING OFFICER. Without objection it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I am not going to get into a long, drawn out debate tonight. I think it is clear if the U.S. Senate wants to put America to work that we have the ability to do it.

And I think the President's economic growth program to rebuild our cities, to put our people back to work consists, of, first of all, the adoption of the balanced budget amendment to the Constitution. That was killed yesterday here on the floor of the U.S. Senate.

The President 2,000-some-odd days ago asked for a comprehensive anticrime bill which would grab by the throat the thugs who were burning people's houses and businesses down in Los Angeles, and which would provide mandatory prison terms for drug thugs. But that bill was killed right here on the floor of the U.S. Senate.

More than 4 years ago, the President asked us to cut capital gains tax rates to provide incentives for people to invest—4 years ago he asked for that. But that bill was killed right here in the U.S. Senate.

The President asked for enterprise zones to provide incentives for people to go into Los Angeles and elsewhere and invest. The U.S. Senate has refused to bring up and debate the enterprise zone bill as well as product liability reform, which would encourage people to get on with the job of producing jobs rather than litigating the free enterprise system to death.

All of those measures are opposed and have been defeated by the very people here tonight who tell us that authorizing hundreds of millions of more Government programs is going to solve America's problems.

The problem is that none of that money is going to be provided. The President's assistance to Russia is going to be provided out of money that we have already earmarked for foreign assistance and which cannot be used for any other purpose. The money that we have set aside in a budget agreement adopted right here on the floor of the Senate for domestic programs is already greatly over-subscribed.

And while people are pounding their chests about putting America first, I am not aware that either author of this amendment has voted against a foreign aid bill since I have been in the U.S. Senate.

So I think, basically, what we need to do is to move on with tabling this amendment. We have an opportunity to fund every one of these domestic programs in the appropriations process if we decide to prioritize them and reduce other programs. This is not the night to be engaged in this debate.

I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I rise in support of the amendment offered by the able Senator from Michigan.

Mr. President, at the outset, I want to make it clear I support the underlying bill. I think we have an opportunity now with the implosion of the Soviet Union and the breakup that is taking place in that former empire to move things on the international scene in a more positive, peaceful direction. We do not want to miss that opportunity.

And, therefore, it behooves our own self-interest to make sure that the trends toward democratic values and free markets and a focus of attention inwards in the former Soviet Union on the problems of their own people, rather than on external expansionism, continues. It serves our interest that that should happen.

We are now the world's leading power and we have certain responsibilities and we need to meet them. But, Mr. President, the grave mistake in the course of meeting our responsibilities abroad is not to address our responsibilities at home. I mean we have the needs of the American people that also have to be addressed, and in the last analysis, if we are not a strong and healthy society at home, we are not going to be able to project strength abroad. America's ability to be strong internationally, in the last analysis, depends on America being strong domestically.

Many people make reference to President Truman and the Marshall plan. Well, of course, this aid package that the administration is talking about is no Marshall plan. That is for sure. But what people forget when they draw their analogy with President Truman is that he also had a plan for America to address the needs here at home. He was not only talking about meeting our responsibilities abroad, he was talking about meeting our responsibilities at home as well.

And I think it is a grave mistake—and I have indicated this before—for the President not to broaden his vision sufficiently to encompass meeting our responsibilities internationally and addressing our responsibilities at home. These ought not to be positioned as though they were in conflict with one another.

If we are doing what we ought to be doing, we should be addressing both of these responsibilities. And, as I understand the amendment of the Senator from Michigan, what he is proposing is that if we are going to be doing this

abroad we should have a component, a roughly comparable component here at home.

I ask the Senator: Is that the case, that we should have a roughly comparable component here at home?

Mr. RIEGLE. Yes, and it would deal essentially with the very same problems, only problems in this case that are hurting Americans.

Mr. SARBANES. So you have technology extension, Job Corps, comprehensive child health immunization, and community development.

Mr. RIEGLE. That is right. Those correspond to the kinds of things we hope to accomplish in the Soviet Union, but of course, we also need to accomplish those things here in the United States.

Mr. SARBANES. Of course, the question people are raising here at home is why are you helping people over there and not addressing our needs here at home? It is a reasonable question and, of course, I can answer why we are trying to address the situation overseas. As I have indicated at the outset, I support this legislation because I think it is important to further the development of democracy in the former Soviet Union.

But it would be better if one is able to say to people, we are addressing those needs and we are also addressing the needs here at home.

In other words, we are not relegating our own citizens to second class status.

Then everyone says this is kind of an "America first" argument. It is not an "America first" argument. It is essentially an "America equal" argument.

Why should we have programs to help scientists and technicians in the Soviet Union—former Soviet Union—who are going to be displaced from their positions, and not have such programs to help people in the United States who are going to be displaced from their positions because of the ability to reduce the level of arms, which obviously we all very much want to do, as a consequence of these international developments?

The proposal of the Senator in the total picture is really a modest one. There are large needs, and the proposal, I think, is a modest one. But I think it establishes a very important proposition and it indicates a very important attitude and it reflects a very significant vision. It reflects a vision that is broad enough to encompass both our international and domestic responsibilities, the ability to transcend what would otherwise be seen as a conflict between the two which ought not to be the case.

Why should there be a conflict between the two? Why are we being put in such a narrow framework that we are being, in a sense, called upon to make a judgment about meeting our responsibilities internationally or addressing our needs here at home? Obviously we need to do both of those things. That is the kind of vision, it seems to me, that a great power ought to have.

It is an attitude that is reflected in terms of addressing humanitarian needs here and there. Why are we confronted with the proposition of, in effect, training our eyes overseas and not training them here at home.

I am not saying do not do what has to be done there. I am saying at the same time do what has to be done here. Have a situation that is broad enough to encompass both purposes. That is what Truman did when he had the Marshall plan.

Anyone who goes back and reads that history has to be struck with the fact that President Truman also had a program and a plan to address the needs in America. In fact, he pushed at the time an issue which is still now on the forefront of the national agenda and that is comprehensive health care for the American people. He pressed that issue unsuccessfully, unfortunately, at that time, but he reflected to the American public an understanding of the necessity to harmonize addressing the needs of the American people with America's responsibilities internationally.

So, I say to the Senator, I am supportive. I hope the managers will find it possible to take this amendment and to broaden the bill out in that regard.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming, [Mr. WALLOP] is recognized.

Mr. WALLOP. Mr. President, I will be brief. But that was among the more ridiculous lines of argument that I have yet heard since I have been on the floor of the Senate. There never would have been a Marshall plan had there been people, such as those we just heard, trying to do all things for all people at the same time. It is absolutely no wonder at all that the American people hold us in such wild disregard and disrespect.

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

Mr. WALLOP. I will be happy to, without losing my right to the floor.

Mr. MCCAIN. I would ask a question, if the Senator is aware that last night at 9:30 we could not get any Members to the floor to offer any amendments, so, therefore the Senate was shut down?

Here we are, it is 7 on the night before a holiday.

I notice—I am sure it is coincidence—most of my colleagues here who are talking are from the East. There are those of us who have families, those of us who were planning on trying to get home tonight so we could be home with our families tomorrow. We have been on this bill for, I have forgotten how many days. Most of those days there was no one here to debate or propose amendments. But now we will wax well into the evening so the rest of us—at least from my part of the country—will miss the flights home, have to go tomorrow morning and miss half of a Federal holiday tomorrow with our families. I would like to thank my colleagues for their consideration.

Mr. WALLOP. The answer to my colleague's question is yes.

Mr. President, I think the Senator from Maryland made the case quite by himself probably and specifically inadvertently. He said one of the issues which President Truman was pushing at the same time he was pushing the Marshall plan was comprehensive health care. Had he tried to mix comprehensive health care and the Marshall plan, Europe would still be stuck in the hole from which we wrested it.

The question is not whether or not the American people ought to have the same level of effort as the Russian people, or the former Soviet Union. It is a question whether you can do anything for either of them using the procedures and the politics that is present in this issue and in this means of doing it.

The Fourth of July is here. The celebration is going to be complete, good old fashioned American politics on the floor of the U.S. Senate denying us the opportunity to do anything for anybody, giving us a country with no clear way of delivering on the plans which have been said to be, by the Senator from Maryland, in our national interest.

We have committees to do the kinds of things that the Senator from Maryland has suggested and the Senator from Michigan has suggested be on this bill. They have worked their will in other kinds of ways. There have been plans and programs and other things debated and sent up here. The question is whether or not, tonight, the Senate of the United States can find it within its meager capabilities to do something that all of us say is in our interest as a Nation, and that is to provide some means to provide the former Soviet Union, the Russian Republic and others, with a way out of the extraordinary difficulties in which they find themselves.

Is it in our interests to see to it that communism no longer exists? I hope to goodness, Mr. President, they would suggest that it was.

It is in our interest to do something about the American people? Yes, it is. And yes, it is what we have been doing. And yes, it is what we are going to continue to do.

But neither the American people nor the former Soviet Union is going to benefit from the process laid loose in this Chapter tonight. It is irresponsible. It is incomprehensible. And, Mr. President, sadly to say, it is laughable.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Republican leader is recognized.

Mr. DOLE. Mr. President, I am a little troubled by this debate. I will not take but a minute or two. If, in fact, we are setting a precedent to cut all foreign aid from now on—not have foreign aid—this may be a good vote. I do not know where some of the sponsors would be if we got into certain areas of foreign aid. If this is what we are doing, I would say we are not going to have any more foreign aid. If it is $4 billion, then we have $4 billion in domestic aid, and we will not have either, then that would be a promising avenue of approach.

But if you support this amendment and it is adopted, then this bill is dead.

Now and then this place cries out for leadership, bipartisan leadership. We can make all the speeches we want. We may throw away a billion dollars in the former Soviet Union. Yeltsin may fail. But if we are going to be responsible, then I think we must try to move ahead and table this amendment at the earliest possible time. I am not going to make the tabling motion. Hopefully, that will be done by the distinguished chairman of the committee.

We are not kidding anybody. This is posturing. But if, in fact, they are serious about anytime there is any foreign aid bill, that we have to find an offset or put that much in American aid, then I challenge some of the sponsors, and I will read back some of the speeches to them at that time.

But that is not what it is all about here tonight. You cannot stand up here and say you are for this bill, but you are for everything else people want to add on to it. I do not know how many billion dollars—billions and billions of dollars—we spent for missiles and armaments in confronting the Soviet Union.

I have to believe there are some children out there who have an interest in us at least trying to save democracy in the Russian Republic and the other Republics in the CIS. And I have to believe a lot of taxpayers are hoping, too, that we can stop or slow down the arms race and not get back into it again if Boris Yeltsin should fail.

We can make all the political speeches we want, and this is not a popular vote to vote for this bill, because many Americans are going to be just like the Senator from Michigan and say: Oh, spend it here; do not spend any money anywhere else.

Talk about a shortsighted lack of vision; that is it.

When Boris Yeltsin spoke to a joint meeting of Congress, we were all like kids, jumping up and down: Fantastic; never heard anything so great.

Two weeks later, we cannot even pass this small, meager bill because we want to load it up with everything else.

So I hope that the managers, at the appropriate time, will table the amendment.

Why are we here at 7:15—as the Senator from Arizona just asked—7:15 at night? I am not leaving town, but a lot of Members would like to. Some may have already left. We have heard this debate day after day, day after day, bashing America: America is wrong; America is last; What is wrong with America? We hear it every day from that side of the aisle.

I think we do a pretty good job, overall. We have our problems. People are out of work. We have drug problems, health problems, unemployment problems. You name it; we have problems. So do we just want to shut ourselves off and isolate ourselves, insulate ourselves, and say: Not one dime; not one dime to the former Soviet Union, the Russian Republic, or any of the others unless we spend an equal amount somewhere else?

Then I want to see that same rule applied to all other foreign aid that the Senator from Michigan has never voted against—never voted against foreign aid. Neither has the Senator from Ohio. I want to see how they can bring up the next foreign aid bill. Maybe I will have an amendment, and say: Oh, I do not think we should do this $3 billion or $500 million unless we offset it and provide money for America.

Maybe that is the way we should go. Maybe they are on to something. Maybe the Senators from Michigan, Maryland, and Ohio are on to something. Maybe we can zero out foreign aid altogether. Most Americans would be very pleased if we did that.

But, in my view, this is not a foreign aid package. It is not the Marshall plan, as the Senator from Maryland pointed out. It is very modest, meager amount, and it is an investment. It is an investment in democracy, and if we do not have enough votes to pass it, that is the way it will be. If we cannot table an amendment like this in 15 or 20 minutes, then we ought to go home. Just send the bill back to committee and let everybody play around with it.

Then, if Yeltsin succeeds, we can say: Well, we have always been with him. But if he fails, and we start back on another arms race, and we start calling up more young men and women all across America for the Army, Navy, Air Force, and Marines, we will not hear these speeches. They will be absent. We will not hear a word. Oh, this is easy stuff. This is easy stuff.

So it just seems to me, Mr. President, that we have a responsibility to finish this bill. This bill has strong bipartisan support, and it should not be derailed at this point, after all the work the managers have done—and they have done excellent work—by this kind of an amendment. It does not belong on this bill. This committee has no jurisdiction; Foreign Relations has no jurisdiction over anything in this amendment.

When I see my colleagues who are supporting this start voting against foreign aid for other countries of the world, where we also have a very direct interest in most cases, then I might say they have some credibility. But not until then.

Several senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware [Mr. BIDEN] is recognized.

Mr. BIDEN. Mr. President, the Senator from Maryland asked why are we confronted with this problem? We are confronted with the problem because the President does not have any vision. So granted. The President does not have any vision on domestic matters. My Republican friend disagrees with that; I happen to agree with my friend from Maryland.

But then he and my friend from Michigan and my friend from Ohio set up a false construct. They characterized their support for and/or sponsorship of this amendment in the following kinds of phrases: The basic issue here, as my friend from Michigan says, is to help America.

My friend from Maryland uses the phrase that what we have to do is make sure if we help other parts of the world, we have to help America, as well. Why can we not do both? The fact of the matter is, if we did nothing else again this whole year for America, as phrased by my friend—and I support every single thing in the Senator's amendment; every single thing in his amendment—but if we did none of that, none of that, we will be helping America by this bill. This legislation, all by itself, helps America. It helps Americans. It helps American taxpayers.

My friend from Maryland said: Well, why should we help unemployed scientists in Russia and not help unemployed scientists in America? We should help unemployed scientists in America. But in my view—and I apologize to my friends on the Republicans side with whom I agree on the overall issue here—we do not help them because I believe this President has no vision of an economic policy.

But all by itself, why are we helping those folks to get jobs over there, those ex-Soviet nuclear scientists? Simple reason. We do not want them to go to Iraq. We do not want them to go to Iran. We do not want them to go do what the free market would dictate. We do not want them to go out and get a job elsewhere.

And the reason we do not is we know if they go to Iraq, if they go to Iran, if they go to Syria—which will pay them a lot of money for them to come—that a funny little thing will happen. We will be on the floor of this body and we will be saying: We have to spend more money. We have to tax Americans more, or increase the budget deficit more, in order for us to be able to build more nuclear weapons; in order for us to send into the Persian Gulf another force of 500,000 Americans; in order for us to increase the billions of dollars we

spend on satellites; in order for us to increase the budget of the CIA.

I call that helping America. So although it sounds nice—and I believe my friend from Maryland means it—I respectfully suggest, if he thinks about it, that just because the President of the United States, from his point of view and mine, will not help out-of-work American scientists the way we would like to see them helped—and I am sure my Republican friends think he is helping them, and it is an arguable point, but not helping like I think he should ask help. How does it make sense to say, "You know, Mr. President, you are not doing one good thing so we are not going to let you do another good thing"?

Mr. SARBANES. Will the Senator yield?

Mr. BIDEN. I will be happy to yield.

Mr. SARBANES. What we are saying is, "Mr. President, here is an opportunity to do two good things." That is what we are saying. We are saying, "Mr. President, there is a narrow vision. We are going to broaden that vision and here is an opportunity to address these responsibilities abroad. I agree with every argument that has been made as to why they ought to be addressed, but at the same time to do something about these needs at home."

So, Mr. President, this is not a choice between not doing any good things. This is an opportunity to do two good things.

Mr. BIDEN. Mr. President, I still have the floor. It seems to me the way it works is that would be fine if we had President Truman instead of President Bush. That would be fine if we had President anybody else other than President Bush, arguably, now. But the fact is, to use a phrase that Oliver Wendell Holmes used with regard to another issue, he said—I will paraphrase it—the vision of this particular President is a little bit like the pupil of the eye. The more light you shine upon it, the more tightly it closes.

We have, unfortunately, the 12-year track record, almost, of this President, as Vice President and President. We know what he will not do.

Now, are we going to risk doing what it seems to me is incapable of being refuted, help the American people by passing this legislation as it is, or are we going to say, because this President lacks vision, because he should do more—and he should, and we know he will not—we are going to put this on this bill, kill this bill, and then have the great satisfaction of saying, as Democrats—and, again, I am obviously not speaking for any Republican here—as Democrats, you know, we were right all the time. Look at that son of a gun. He has no vision.

Yippee. We know he has no vision.

Mr. RIEGLE. Will the Senator yield at that point?

Mr. BIDEN. I will yield for a question.

Mr. RIEGLE. Will the Senator yield just so I can get the point and have the Senator respond?

Mr. BIDEN. Sure. We call that a question in this body.

Mr. RIEGLE. There are two ways I could draft this amendment. One way to draft the amendment was to provide help for America and not provide any help for the people in the Soviet Union, take it from one and give it to the other. I did not do that.

What I have done with this amendment is to say we are going to do both. We are going to do both here. The problem is, if you have a President who only sees through one eye, who only sees foreign policy problems, who cannot see the problems at home, who does not think they exist, but because he loves foreign policy he will sign this bill when it comes out of here—let me just finish. He will sign this bill when it comes out of here—the only way I know to get this President to pay any attention to things in America is to take a bill that he likes, because it is a foreign policy bill, and put a little bit, just a little bit in for America, try to open up the eye that is closed down there just a little bit.

I am not taking away what he is asking for people in another country. I am saying let us put a little bit with it in areas of urgent need for people in this country because I know, when he gets this foreign policy bill, he is not going to veto that like he vetoes everything else that is for this country. The list of vetoed bills is this high. He cannot wait to sign this bill because it is money for another country. And I want to slip in a little help, just a little help—one-twelfth as much as is in this bill for the Soviet people I want to put in for the American people. I do not think that is too much.

Mr. BIDEN. I appreciate the question. Let me respond. I also appreciate two things about my friend from Michigan. One, he happens to be right on the substance of the need that is contained in his amendment, and, two, he is a skillful debater.

I would say it slightly differently. This President can only see out of one eye. What my friend from Michigan is doing is saying let us blind him in the other eye so he walks around totally blind.

Mr. SARBANES. Will the Senator yield?

Mr. BIDEN. I will not yield. I want to make a point. My two friends are on the Banking Committee. My two friends come to this floor all the time—and they are right, I might add—and they say we have to spend another $10, $20, $30, $40, $50-billion for FDIC. We had an amendment offered by one of my friends, sponsors of this bill, suggesting $30 billion borrowing power from the American taxpayer for FDIC to be able to dip into for failed banks.

Now, he happens to be right, in my view. But none of us came to the floor and said—the speech I could have made—well, instead of helping those wealthy bankers, it is about time we help America. In the State of Delaware, we have a problem; the unemployment rate is 7 percent, and what is my friend doing? He is taking $30 billion and bailing out all those people out there who took their $100,000 deposits and took 100 of them and spread them all around. He is helping the wealthy and, besides that, he is bailing out the bankers and he is bailing out the money interests in this country. That is what he is doing. Why cannot my friend help America?

Now, that is a preposterous argument, as preposterous as the one being made by my distinguished friends from Iowa—excuse me, Iowa, I have that on my mind—Ohio, Maryland, and the State of Michigan. They come forward and say—I will yield in a minute. They come forward and say, this bill we have about $1 billion worth of direct aid and we have in here $12 billion for the IMF, which my friend from Maryland has led the fight for, to his great credit. Now, that is helping other folks, so let us make sure we balance things out. Let us help Americans now, as if we were not helping them before with just the mere fact that this bill exists, which we are, and it is not lost on the folks up here—I am not suggesting it is intended by any of my friends, but it is not lost on them that this is relatively appealing in the hands of other people, capably a demagogic argument.

Now, I know that is not where we are, but that is where some folks are. People listening to the debate are going to sit home and say, "Wait a minute, that is Senator RIEGLE. Now, there is a good guy. He wants to help the folks right here in Grand Rapids. Why is that guy Biden not wanting to help? Why is that guy Biden not out there talking about helping those guys in Wilmington, Delaware?"

Mr. RIEGLE. Good question.

Mr. BIDEN. That is my friend's smart answer. He says "good question." Good question. He knows that is a false construct. Just as it would be if I had come when he brought up the banking bill and said, now, wait a minute, let me tell you something. I will beat you to a pulp politically in my State or yours if you want to go back and defend any of your $30 billion for FDIC. You will stand up there and make the honest and correct argument. You will say you are bailing out all those depositors, you are bailing out all those people.

You want to give me the side of that political argument. I know that one. I am not all that bad. I can figure that one out. I will pummel you in a town meeting, just like you will pummel me with this argument in a town meeting because it is easy to make it sound that way. You are going to help Russians. You are going to help Ameri-

cans. You are going to help the folks in Kiev and you are going to help the folks in Wilmington, or those people on the north side, south side, east side, west side of Baltimore. They are in desparate shape. Why are we going over there and helping Moscow? And people go back and say, "Sounds reasonable." I can see the folks shaking their heads up in the gallery. That is right, Biden. What are you talking about?

The reason is that this bill, all by itself, helps American taxpayers in a big, big way.

Now, the last point I will make since I am the one, unfortunately or fortunately, who has been raising the Truman analogy here—and I am sure that is why my friend from Maryland raised it because he has heard me raise it here and he has heard me raise it in the caucus, and he knew, since I sought recognition, I was going to raise it again, and I am. But let me make clear what I mean by it.

This is no Marshall plan. This is not anything approaching a Marshall plan. It has only one point in common with the Marshall plan.

This bill is unpopular and the Marshall plan was unpopular. And the analogy my friend from Maryland made with a strong President with vision named Harry Truman—and I might add, can you imagine if we approached world affairs at the end of World War II with an administration with the same capacity for vision that this one has? But I just put that aside. What would have happened, if Harry Truman said, you know something, if you cannot give me that national health care, then I do not want the Marshall plan.

Is that what he said? I do not recall that. Granted I was a young man then and I am an old man now, but I was only a student of history then. As a matter of fact, I was not even a student of anything then.

Looking back on it, my recollection of the way it worked was he said we need a national health care plan. But that is over here. He said do not confuse that with the fact we need a Marshall plan.

Mr. SARBANES. Will the Senator yield on that point? There is a marvelous new book that has just come out on President Truman by David McCullouch, and I am delighted to hear that many people in this Chamber know David McCullouch. In that book what McCullouch makes clear are two things with respect to Truman.

The first was on the issue of meeting our responsibilities abroad. Internationally Truman undertook a major effort. He made a major commitment to make the case to the American people why we needed to do that. That is something that has not happened in the current situation.

Truman went out and he really put himself on the line in order to try to sell this program. That has not been done in this instance. We know what putting yourself on the line is. That certainly has not been done.

At the same time Truman was trying to do that, he was also putting that in the context of trying to meet and address the needs of the American people, which again is not being done by the current national administration.

Truman did not have to link the two because Truman, in effect, was trying to do both. He made the commitment to try to do both and was trying to accomplish them. There was no necessity, therefore, to link them.

What is happening here—the blind eye is a good analogy. I like that analogy. Because that is exactly the case. The fact of the matter is this President vetoed unemployment compensation, not once but again and again. Finally signed it, so hope springs eternal.

As the Senator from Michigan pointed out, one thing we know is that the President has an interest in, cares about, what is happening over there, and does not care about what is happening here.

By including this component in this legislation there is a chance that, rather than putting another hand over the eye of the President so he would then be totally unable to see, as the Senator from Delaware said, maybe putting the hand over the other eye will bring the hand off. He will see with both eyes. Then, Mr. President, we will be able to meet our responsibilities abroad and address our needs here at home as President Harry Truman did.

Mr. BIDEN. Mr. President, if the issues were——

Mr. LOTT. Mr. President, parliamentary inquiry. I know my friends are having a lot of fun. It is wonderful at 7:30 p.m. I am enjoying it, but gritting my teeth while you go on.

I thank the Senator from Delaware for what he is saying. I wonder if there has been a time agreement reached on this amendment. Is there a time to pause? As I recall earlier today we had a 20 minute time agreement on a Brown amendment involving $11.3 billion; 20 minutes. I wanted time on the amendment and I got 1 minute.

I just wondered if, at 7:30 on Thursday—we have had a good discussion, all having fun—is there a time agreement on this particular amendment?

The PRESIDING OFFICER. The Chair informs the Senator from Mississippi that there is none. There is no time agreement.

Mr. LOTT. Parliamentary inquiry: When would be the appropriate time to maybe seek or request some sort of time agreement? I would be glad to yield, if that would be appropriate, to the Chairman of the committee.

Mr. BIDEN. Mr. President, who has the floor?

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

Mr. BIDEN. Thank you, Mr. President, Would the Senator like to ask me to yield for a question or for a parliamentary inquiry without my yielding the floor?

Mr. LOTT. I would like to, if he would yield. I would like to.

Mr. BIDEN. I am inquiring of the chairman. I am happy to yield as long as I do not lose my right to the floor.

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

Mr. PELL. As I understand it, we asked to have a time agreement and the other side of the aisle was not agreeable in that regard.

Mr. LUGAR. If I could respond, Mr. President, the distinguished chairman is correct, that there is an objection on our side to a time agreement. I would just simply indicate that the reason for the objection is that the amendment before us, the Riegle-Metzenbaum amendment, is perceived as such a serious amendment that in the event that we are not successful in tabling it, it is apparent that the bill is going to die. So, as opposed to putting a time limit on the termination of the bill, we preferred to keep it open.

There is some hope that after the debate there will be a motion to table. In the event that is unsuccessful, we might persuade those who are offering the amendment to seek to withdraw it. It is as simple as that. I am sorry to report that is the situation.

Mr. BIDEN. Mr. President, I am going to cease and desist. I am about to do that.

My friend from Maryland once again skillfully tries to cast this in the terms of is Bush or Truman the better President? I mean that is the underlying thought.

That is not a debatable point in my view. I do not think it is close. It seems to be though, he makes a very compelling argument. He says, you know, this fellow has not worked very hard for this amendment. This fellow has not worked very hard for the Russian aid bill. This fellow has not put himself on the line like Truman did.

I know that is the part that grates my friend from Maryland as it does me. Yesterday, as a matter of fact, in the midst of what we thought was going to be a very difficult amendment to defeat by my friend from Michigan,I rose on the floor, and said I wonder where the Secretary of State is? Why is he not out here using all of the influence of the administration to see to it that this thing they say they are against is defeated? So there is no question about it.

But if in fact he acknowledges that these downtown are not working very hard, is lukewarm and not willing to go our on the line, what makes him think that lukewarm President is going to, if the Senate attaches this, go ahead and support a bill one portion of which he is lukewarm on, and the second portion

of which he is totally against. That is rhetorical yes.

I will not yield on that point. I will yield the floor in a minute.

I want to make this point, if I may. It seems to me, Mr. President, that we should keep our eye on the ball here. The fact of the matter is this aid package all by itself is beneficial to and helps the American people. All by itself, it is a bill not for Russia. This is not done out of purely altruistic motivation. How many of you think we would be here, especially led by the President we have, or any other person that is pushing this bill right now, if in fact this had no real benefit to United States? If this was just like disaster assistance, how many do you think would be here making that case?

We all know we would not be here. We are here because the Senator from Wyoming is correct. And I agree with the Senator from Wyoming on hardly anything at all. He said that we are here because if we do not do this, and things fail in the former Soviet Union, as they may very well even with this, that we are going to be back in a military buildup. We are going to be back into an arms race. We are not going to have the build-down we have now.

The reason we are here—hopefully there is some altruism here, but it is the naked self-interest of the American voter, that this be passed. And I will, and have, and I will again, support my friend from Michigan in everything he is attempting to do, but not attach it to this. And I think it is mildly inflammatory to cast this in terms of if you are going to help a Russian, why not help an American, as if this all by itself does not help Americans, the American taxpayer.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. I will be very brief, Mr. President, because I know the managers of the bill are prepared to move to table.

Mr. President, let me say that I view the underlying measure, the freedom support measure, as a measure of help to California, to help San Francisco, Los Angeles, San Diego, Fresno, and all people who live there and in every part of this country. It is not just a measure of foreign aid to help people in some other place. It is before us because it is in our national interest to promote stability and democracy in the Soviet Union.

I am for all of the things in this amendment proposed by the Senator from Michigan and the Senator from Ohio. But this is not the time, the place, nor the moment to proceed with those endeavors.

Why do we not have the money to do those things? We have not been doing those things needed so desperately because of the huge towering deficit, huge towering national debt, that stems in great part from the military expenditures that have been imposed upon us because of our cold war, over so many decades, with the Soviet Union.

The chairman of the Budget Committee, Senator SASSER of Tennessee, the other day cited three reasons for the huge deficit that led to the balanced budget amendment, which fortunately we rejected.

One of the reasons is set forth in this chart here. That shows the increases in defense spending in blue and the increases in the deficit in red, which have occurred through all the years of the Reagan-Bush administrations. Up goes military spending, and up goes the national debt. That is why we do not have the money to do what we need to do to help the people of our country in domestic programs. That is why we have to give this assistance to the former Soviet Union, the new Republics, to ensure that they survive.

One of the top leaders of the Russian Republic warned yesterday that there may be a coup there, because of the economic difficulties facing Russia. That would quite possibly lead, as was suggested by this leader, to a new Communist regime. Or it might lead to a fascist regime, or a military dictatorship armed with nuclear weapons, threatening out security, causing us once again to go into a huge military buildup, and maybe we could not do these domestic programs that are so desperately needed by all of the people of our country.

It is not as if we have not done things, however, even within these budget constraints, to help the people of our country. For example, it was felt that it would be wise to pass some measures of a domestic nature before we turn to the Freedom Support Act. So we passed the urban relief package, $1.1 billion. We passed the unemployment benefit extension just a few hours ago totaling $5.6 billion. We passed a higher education bill totaling $22.4 billion.

It is not as if we have not been doing things domestically. We have not done more only because of the huge towering deficit.

I am proud of the Senate for having rejected an appealing Baltic amendment that would have destroyed the Freedom Support Act.

I am proud of the Senate for having rejected an amendment that would have undermined the IMF effort to help the Soviet Union, because it would have killed the Freedom Support Act.

I look forward to being proud of the Senate once again for standing up and defeating this measure, as appealing as it is, because it too would undermine the Freedom Support Act that is in the interest of American freedom as much as in the interest of Russia.

Mr. SARBANES. If the Senator will yield, why would this undermine the Freedom Support Act, if this amendment passed and the House passed it? Why does that undermine the Freedom Support Act?

Mr. CRANSTON. My understanding of why it would undermine it is, from the Republican leader who spoke a while ago, and Senator LUGAR, that it would lead to a veto of this measure because of the spending beyond what the President will accept.

Mr. SARBANES. So, in other words, the undermining is that the President would veto the Freedom Support Act, because it had provisions in it to try to address some needs here at home; is that correct?

Mr. CRANSTON. That is correct. We have done a lot domestically. We need to do more, but——

Mr. SARBANES. That only backs up the argument made earlier that the President ought to broaden his vision in order to meet both our responsibilities abroad and address our needs here at home. If we pass this amendment and pass the bill, and the House passes the bill with this amendment in it, and the President signs the bill, the Freedom Support Act goes into effect, does it not?

Mr. CRANSTON. Yes, but that is not what will happen. The President will veto it, and we will take it up again and pass it without this amendment. It will be a big, long delay that may lead to a counter-revolution in the former Soviet Union, and it will be a disaster for our country.

Mr. SARBANES. Well, let the President sign it. If you send him this bill separately, he will veto it. We have to find some way to get the President to remove his hand from that eye that is blind to the problems here at home.

Mr. CRANSTON. You have not found the way with this amendment.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I think this discussion can continue. I think the time has come that we want to bring it to a conclusion. I know that the Senator from Michigan felt he needed a few more words today, and then I understand the ranking minority leader has something to say, and then it would be my thought that we should move to table.

Mr. EXON. Will the Senator yield?

Mr. PELL. Yes.

Mr. EXON. The Senator from Nebraska has stayed off the floor today to try and move things along. I would like to make a few comments. I will not be lengthy, but I would hope that the tabling motion would not be made until the Senator from Nebraska can have a few minutes to address the subject.

Mr. RIEGLE. Mr. President, I am not going to talk at great length, but I must say, with all due respect to my

friend and colleague from Delaware, I listened to what he had to say. If we ran the clock, I think I have heard more from him than I have said as a proponent of this particular amendment.

The problem that we are facing here is that President Bush loves foreign policy. He will sign a foreign policy bill. That is all he ever comes in here for.

He came in here for most favored nation trading status with Communist China. The have a $15 billion trade surplus with us this year. He broke most of the arms in the place to get that thing passed. Whenever there is a foreign policy issue, he is right in here working on it.

That is why this bill is veto-proof. The minute we send this down, George Bush is going to sign it. He cannot wait to get this bill. He is dying to get it, because it is a foreign policy bill. He loves it.

What he does not love is domestic policy and the problems here in America. First of all, he does not think they exist. Second of all, he does not want to do anything about them. So much so that what he is saying—this is the whole argument I am hearing from the other side—that, yes, he wants his foreign policy bill, but if we put a little bit of help in here for America, then what he is going to do is veto the foreign policy bill.

First of all, that is nonsense. That is nonsense. Any foreign policy bill you give George Bush he is going to sign. He will sign it with a smile, and there will be a big ceremony down there, and all the people advocating this will be invited down there and get pens when they do it.

The only way we are going to get help for America is to put it on a bill that Bush is going to sign, because when we send down just domestic policy, something for America, his focus is somewhere else. He does not sign those, he vetoes those bills. Then they come back here and we cannot enact them, because we have to have a two-thirds majority in the House and the Senate. So even though we have a working majority, we do not have an absolute majority because we do not have a two-thirds majority; those bills go down. There is a stack of vetoed bills on domestic policy this high.

He does it all the time. The person that is threatening this bill is not anybody here. I have not said take the Russian money out. The way the argument has gone would suggest that I said take that money out. I did not say take that money out.

I am not moving to take it out. I am saying put a little help in here for the United States. Moreover, I have not even specified that these be appropriated funds. I have simply said let us authorize it. Let us authorize it. Let us make sure that we have the possibility of doing it. We still have to come around through the appropriations process another time to get money appropriated. We are not appropriating money here.

But what is happening here, the people on the other side and, unfortunately, some on this side are so carried away with the notion that Bush is going to veto this bill if there is a little help in here for America that they say, oh, you can help America at the same time.

I tell you something—and I think I speak accurately for the American people, most of them, on this issue—the American people are sick and tired of the preoccupation with foreign policy. No matter how justified those needs are, they ought not to come ahead of domestic needs every single time.

They are tired of a President that can only see with one eye, and they are going to throw him out. That is why his approval rating is down to 28 percent, and it is going lower, because they are tired with all this preoccupation with foreign policy.

I am not saying to you that you cannot have this bill, and I am not saying to him he cannot have it. I am saying if you want the foreign policy, then let us have a little bit of help for people here in the America. We are not talking about things that are fluff and nonsense.

I am talking about giving immunizations to children who are not getting them. We have a measles outbreak in the country that kills children. In this country today, we are not vaccinating them. We are talking about providing immediate assistance to the Soviet people. With my amendment, we are not providing the dollars as such; we are providing the authorization. And I am frankly disappointed in some of my friends here, some of my friends here who I know are humanitarians who fail to see through this tactic and this technique that is being foisted on us by this administration.

We can do foreign policy and domestic policy in the same bill. Is that my preference? No, it is not. You show me another way to get around the vetoes.

We have cities in this country burning down, cities in this country burning down and people being killed in those cities. I am afraid we are going to see more of it. We have seen some of it in California.

I think what we have offered here would help, would help this country. But I will tell you this: There are some people I think in this Chamber that would not spend one thin dime to help solve a problem in this country. They will write any number of blank checks to help overseas.

I am not saying do one and not the other. I am saying do both. That is what my amendment says. I do not want it mischaracterized.

When you have a President that is out to lunch on what is going on in America and this country is in trouble, and there are people in desperate need of help, I think it is unconscionable to say to problems in other countries, yes, oh, yes, we have the money to help. We have the money to help. Here it is right here. Yes, we have the money to help as long as it is some other place. Soviet Union, yes, we have got the money to help. Kuwait, yes, we have the money to help. Communist China, oh, yes, oh, yes, most-favored-nation trading status, and this $15 billion balance-of-trade deficit, we have the money to help. Free trade agreement with Mexico. You need jobs in Mexico, oh, you can count on us. We will help.

How about a little help to this country? The unemployment in this country went up today to 7.8 percent. We have 10 million people in this country unemployed. Among black men in the inner cities, the unemployment rate is 50 and 60 percent.

I am sure they care about the Soviet Union and they also care about themselves, as rightly they should. And this President, it is being said by his surrogates on the floor, is unwilling to try to do something in this bill for America. They are saying that if we try to do something about the urgent problems we know we have in this country, then the President is going to veto this bill. Then, once he vetoes this bill, it is going to be our fault because we tried to do a little bit here to help the American people.

What I am offering here is one-twelfth of what you are prepared to do to help the people, in this case, in the old Soviet Union, and this is not even an appropriation. It is simply an authorization.

We ought to have a hundred votes for this. If this was not pure crass politics by an administration that is drunk on foreign policy, everybody in this place would vote for this. In fact, the amendment would have been accepted. These are things that the manager of this legislation fought for year-in and year-out. There are education and other areas, and so forth.

The problem is we cannot get them passed by this administration because this administration does not want a domestic policy—does not believe in it, does not believe in it. And we have people in this country right now who are losing faith in this country because they are being ignored and their problems are being ignored.

Tonight, we have a chance to say something to them. You know what we can say to them; "look, we think you are just as important as foreign problems and the problems that you have that are going unmet are important enough that we are going to help you. You are on the radar screen and we are going to put something in here that recognizes your problem. So that you can have some understanding of the fact at least we know you are out there

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and at least you know we care about it." But there are people in here who do not care about it.

That is the sham of this. There are people in here that do not care about it. When I see all this preoccupation on foreign policy and foreign needs, particularly by this administration, after the 12-year run we have seen, supply-side economics, the whole shebang. And now we have got this country in deep, serious economic trouble, and if you cannot see it, it is obviously because you are not looking. It is everywhere.

Look at the ticker tape. All the items are coming out about companies laying people off, the Fed having to cut the interest rate again, late as it is to try to get some lift into this economy, and so forth. The people of our country are wanting to know if we understand there is a problem here in America.

So there is no reason that we should just have policies here, in this particular context, that go overseas and not take some recognition of what is going on here at home. Our people need to understand that we are tuned in and that we care and we mean to do something about their needs. If you want to vote against the appropriation later on down the line, vote against it—vote against it. Nobody is going to have to vote for the appropriation at gunpoint.

What I am offering here is an authorization. Let us at least put it on the radar screen. I tell you this—there are a lot of people in this body if they had not gotten a little boost along the way, boost in our society from a lot of people, they would not be here. Despite their talent, they would not be here.

I would like to see that we start doing something for the people out there today that have no hope, have no hope in this country, in America, who are American citizens and I think have a right to have some prospect of a better future.

So when you have a President that is drunk on foreign policy and you put a little something for domestic policy on the bill you know he is going to sign, I make no apology for that. I wish we did not have to do it that way. I wish we had a different kind of President that thought differently. But that is what we are saddled with at least for the next 4 months. I think the people are going to change that, because it is time to pay attention to problems in this country and not just in other countries around the world.

I have not moved to take the money out of here that is going to go to the Soviet Union—and I do not want that characterization put on it.

What I have said is let us add to it. Let us have a little something in here to help in the same problem areas for people in this country who are in acute distress—acute distress. I do not think you leave them out wounded on the battlefield, and we have wounded people in this country tonight. If they are watching this debate, they know who they are. They want some response and they are entitled to get it and not find that they have to stand second in line to people in the old Soviet Union or any other place.

The PRESIDING OFFICER. The Republican leader is recognized.

Mr. DOLE. Mr. President, I left for about a half hour to go have lunch or dinner, I guess it was, and I heard the same rhetoric, hypocrisy—bashing America, bashing the President—from the same Senator. I heard it every day out here on the floor, and I am getting tired of it.

He is entitled to his points of view. Every day on this floor he is out here knocking President Bush. He does not need any reason. He just does it. That is all right. He is a Democrat; George Bush is a Republican.

I do not think he has the corner on sensitivity and compassion and caring about people that he would indicate he has—that the rest of us do not care about people. He just said so himself.

When we sit here all night long, I guess, and make the argument: No foreign aid, let us just vote no more foreign aid—put that to a vote and see what happens to the Senator from Michigan. He would be the first one running out of the Chamber. Cut off foreign aid forever.

That is not going to happen, obviously. This is sort of selective.

Somebody showed me a poll today that the Senate, not the House, that we are held in the lowest repute of any body on the Hill. There are only two bodies—the House and the Senate. We are No. 1. We are the worst.

I guess people must be watching. They would not have to watch very long and when they go to bed they probably could not sleep after listening to the Senator from Michigan about how bad the country is, how bad the President is, how bad everybody is except the Senator from Michigan.

There is a lot wrong with America and there is a lot right with America, too. We can stand here the rest of the night and point fingers back and forth about who caused it, who spent the money, who did this and that.

What I thought we were attempting to do earlier was to try to help democracy grow so we would not have to send young men and women to war 5 years from now. If we do that, that will not be acceptable. The Senator from Michigan would be on the floor. He will be blaming President Bush or whoever the President is at this time not being prepared, spending too much here, or whatever.

We all know the game. We all play it. We do not play it as often as he does. But we all know the game. I think we ought to decide: If we want this bill to pass, let us pass it. If we want to play games the rest of the night, let us do that.

Everybody missed their flights. They all had a chance to listen to these great speeches on the floor about what is wrong with America, what is wrong with President Bush, what is wrong with everybody. If somebody tells you every day you do not look well, you probably are not going to feel too good by the end of the week.

If they listen to this rhetoric every night, no wonder the country is going down the drain. I cannot believe it. Maybe that is the way you get votes in Michigan. You do not get votes that way in my State: Bashing America, nothing is right, everything is wrong, we do not spend enough money.

Well, ask some young person 15, 16, 17 years old, how they are going to pay the national debt, which is $4 trillion. Ask the Senator from Michigan what his plan is for the economy. If George Bush does not have any plan, I am certain he must have a better one.

Mr. President, I would like to conclude this bill. The managers worked very hard. In my view, we might as well make a judgment. If we have decided politics—and talk about politics, he said this is brash politics. That is the only thing he said that was accurate. This it is all politics. The last hour and a half has been all politics.

Now we have strong bipartisan support. We are trying to encourage and save democracy in the former Soviet Union. It came out of the committee with a wide margin, good, strong bipartisan support on the Senate floor on almost every vote.

But here in the last hour or 2 or 3 or 4 of the debate, we have gotten lost in politics, mired down in politics, so somebody can make a little speech for home consumption. They can make their speeches maybe after we pass the bill.

We just passed a $5 billion—depending on whose number you use—$5 billion unemployment bill which everybody but three Senators voted for. We understand there is concern. We understand people are out of work. We understand the need to help people. It was not only Democrats who voted for that bill.

The same is true of the urban aid package; enterprise zones when they come here; whatever, it may be, there is going to be strong bipartisan support, I would hope.

And I will be happy to make a motion to table if nobody else is. We ought to bring this to a head. Some people still would like to go home tonight.

We can play this game the rest of the night unless we get a time agreement. I may make a motion to table. I have the floor.

If you do not want aid to Russia, investment in democracy, vote against the tabling motion.

Mr. EXON. Will the Senator yield?

Mr. DOLE. I yield without losing my right to the floor.

Mr. EXON. I would like to make a request of the Senator from Kansas. The Senator from Nebraska has been waiting. I said I would be very, very brief, 2 or 3 minutes. I would hope that maybe I could make some statement in this regard to try and put this in perspective from at least this Senator's point of view; no more than 3 minutes.

Mr. DOLE. I am going to yield the floor. I do not have any desire to speak at any length. But I do not want to gin up the Senator from Michigan again for another 30 minutes of bashing—bashing President Bush and bashing everybody else in sight. We have had enough of that. You can get an Excedrin headache in this place in 5 minutes.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. HARKIN). The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my colleagues for their patience. I will be very, very brief.

I listened to the debate tonight and I am somewhat saddened by it, as I listened to the debate on the last previous contentious matter before the Senate, which was the balanced budget amendment. All of my colleagues know that I have always strongly supported a balanced budget amendment, but I voted against it because in that instance there was a leadership I thought for political purposes that I did not agree with on that side of pushing the balanced budget amendment when we all knew it was doomed.

Now I find myself on the other side of this particular issue. I have listened to my friend and colleague from the great State of Michigan. I have been with him I guess on more issues than I have benn against him. I am against him on this for lots of reasons.

I would remind my friend from Michigan, when he talks about those who do not agree with his position on this, that I am against the most-favored-nation status to China and I am publicly recorded. I am against the international trade agreement with Mexico, which I think would be bad for America. I am against the GATT agreement talks that are ongoing that I am fearful will cause great harm to the American farmer.

I simply say that this is not the time to address the matter that the Senator from Michigan is trying to address with his amendment. This is a killer amendment. And we all here on the floor know what a killer amendment is. If this amendment is adopted, then through action of this body or the President of the United States, the aid to the democracy that is emerging in Russia will be dead.

Again, I say, Mr. President, that politics is the art of the possible. It is not possible, regardless of the merits or demerits of the position of the Senator from Michigan and those associated with him, to have this done. Therefore, I hope, Mr. President, that possibly we could lay politics aside and maybe vote our convictions.

From the beginning, this measure of some aid to the Soviet Union started out of the Armed Services Committee, and was joined by the distinguished chairman and the ranking member in the Foreign Relations Committee. There is not—as my friend from Maryland so well described it—it is not aid to the Soviet Union nearly as much as it is long-term aid for the United States of America and the people of the United States of America. It is not proper to describe this as a giveaway to the Soviet Union.

I was in the Soviet Union a year ago at Easter time. I was back there again in January of this year. On both occasions, we had a chance to meet with Mr. Shevardnadze. The first time we were there he warned us that Mr. Gorbachev was in trouble, but not to be concerned, because if Mr. Gorbachev failed, there was a democracy that would follow on. When we were there in January, he told us that if Mr. Yeltsin fails, there is no assurance what kind of a government, very likely an autocratic form of government would take over once again.

I simply say that it is in the interest of the United States and its citizens, for those of use who see it that way and recognize that the thread on Mr. Yeltsin is extremely thin today with what is going on there. If we do not do something of this nature, I predict that Mr. Yeltsin will fall. If he fails, we might find ourselves in a situation of saying, "Why , oh, why in the first few days of July 1992, did we not have the wisdom to at least offer some constructive help?"

I hope that the tabling motion will prevail.

I thank my colleagues and I yield the floor.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. Mr. President, the issue before us is the question of whether we in the Senate are prepared to move for peace. That is the question. It is not a question of expenditure. It is a question of wisdom.

The Senator from Nebraska has spoken well about the fact that it was here in the Senate last November that Members questioned how we could be helpful in this body and in this country in trying to round up nuclear weapons in Russia, Byelorussia, Ukraine, and Kazakhstan.

We took a leap of faith then by authorizing $400 million to try to round up these weapons before they disappeared off the face of the Earth into the hands of those who would not wish us well.

It was not a question of foreign aid. It was not a question of doing something for people in other countries. Of course it would help those people because it helps the world if we are successful in these ventures. And we have been successful.

Because of the action this body took on a late evening last November, all of the tactical weapons that were in the Soviet Union have come into the possession of people in Russia. A majority have been destroyed, the fissionable material taken out. There is a genuine hope out of what could have been chaos and anarchy that there will be, in fact, an arms control regime more effective than any we could have imagined.

As a matter of fact, not a single dollar of the $400 million has been spent. About $145 million has been committed to specific activities.

We had a vision then. And at that particular point, the House took up the bill, and they caught the vision. And the President signed the bill.

Mr. President, I do not want to go through a topical history. This is a speech of conciliation. But it is a fact it was very difficult for the President and for the Senate to approach the Russian-Kazakhstan-Ukraine issue. It has been very difficult for us to do so. The politics of its have always been precarious. It is not an easy thing for the President to approach this issue. It is not an easy thing for us to, as we have discovered tonight.

But, Mr. President, the question is at this moment are we prepared to try to forge a relationship with a people that are still armed? The nuclear weapons are still there; at least 10,000 warheads that could be trained again on us.

We leapt to our feet, as the Republican leader pointed out, because Boris Yeltsin said: You are no longer in the gun sights. You will never be our enemy—at least so long as Boris Yeltsin is President, and people who are democrats in the Russian Republic are in power.

This is a precarious time for the American people and this is an opportunity to work with an administration and to try to at least impel the House to consider this action so it might become law and the relationship might be forged.

For all of these reasons, I hope the amendment offered tonight will be tabled. Because this is the critical vote as to whether we had the vision to proceed or whether, in fact, we lacked the political will and the courage and the wisdom to do so.

I am hopeful the distinguished leader will, at this point, speak and move to table the bill. I am hopeful he will be recognized.

Mr. SASSER. Mr. President, I join with the Senator from Michigan in expressing deep and heartfelt concern over the plight of America's cities and in urging that we take steps to address our urban problems. It has been more than 2 months since the verdict in the

Rodney King case sparked the riots in Los Angeles and drew much-needed attention to the Nation's urban ills. The riots brought home to many Americans the sense of crisis that grips many of our inner cities and underscored the need to address the long-neglected economic and social problems that spawned the conditions which led to this terrible situation.

Two months have passed since the riots, yet we have done precious little to confront the spark which ignited them. To date, our only response has been an emergency supplemental appropriations bill, totalling some $1.1 billion. Even that relatively small aid bill was, until recently, caught in the web of partisan bickering which has plagued all of our efforts to act on this critical issue.

Mr. President, I am a member of the Senate Democratic Task Force on Community and Urban Revitalization, which the Senator from Michigan chairs. That task force has spent a great deal of time talking with the Nation's mayors and community leaders—people who are confronted daily with the crisis in our cities. The task force also heard from the U.S. Conference of Mayors which has called for a $35 billion urban aid and investment package.

Now Mr. President, no Member of this body could have sat through the past days of debate of the Nation's fiscal problems and the balanced budget amendment and seriously believe that we can come up with the $35 billion the mayors tell us is needed. However, negotiations between administration officials and House and Senate Members on a smaller package which can be paid for have been underway for over a month. As the negotiations began, I believed we were planning to develop a package which coordinated a wide range of approaches to urban problems including education, job skills, health care, housing, business and economic growth, and additional resources to fight crime and drugs.

Unfortunately, it has become clear, that the administration's interest in the negotiations is confined to one item: enterprise zones—enterprise zones focused specifically on tax breaks for businesses. Now Mr. President, the Congress expressed its support for enterprise zones in the tax bill the President recently vetoed. There is little doubt that some kind of enterprise zone proposal will be a part of any urban package passed by this body.

What remains to be determined is just how the zones will be constructed—in other words, what tax incentives will be included—and what other proposals are needed to create a comprehensive package. On the first point, it seems clear that negotiators for the administration are committed, to the near exclusion of any other incentives, to a set of business tax break in zones. This position flies in the face of a number of analyses on the subject. In fact, a recent Congressional Research Service [CRS] report suggests that providing capital incentives such as the ones the administration is advancing may actually hinder the very job creation which is one of the stated goals of this effort.

I ask unanimous consent that the CRS report be included in the RECORD

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

(See exhibit 1.)

Mr. SASSER. It seems clear to this Senator that the tax structure of any enterprise zone package must be built around labor incentives aimed at job creation and job training.

In addition, I wish to echo the remarks of the Senator from Michigan when he suggests that "our experience with state and local enterprise zones teaches us that the tax-oriented zones supported by the administration are only half a strategy to deal with inner city decline." As the Senator put it "half a strategy is doomed to failure."

The truth is that any effective urban revitalization strategy must combine both tax incentives and investment to be successful and effective. Unfortunately, this view is not shared by the White House negotiators pushing for bigger tax breaks for business under the guise of urban enterprise zones. In fact, one of their key proposals would slash the capital gains tax rate for investment in a zone to zero. I am beginning to wonder, Mr. President, whether their goal is relief to our cities or relief to big business.

Now comes word that the administration and the House have reached an agreement on an urban air package. I should note that this is an agreement to which Senate negotiators were not a party.

While I have not yet had a chance to review the details of the package, I understand that it couples a modified enterprise zone proposal costing $2.5 billion to a package of urban investments which also costs $2.5 billion. So far, so good. However, I fear that the particulars of the plan could prove problematic. What specific tax incentives are included in the enterprise zone compromise? What types of investment have been agreed to? Finally, how is the package paid for?

Mr. President, I join with the Senator from Michigan in pushing for attention to aid to our inner cities as we consider a bill to provide aid to the former Soviet Union. I welcome the news of a possible agreement between House and administration negotiators, but I believe the Senate may have a number of reservations about that agreement before signing on. Finally, let me say that there should be no mistake: No one should view the urban aid package as a backdoor way of achieving the President's capital gains tax cut. It simply is not going to happen that way.

These negotiations are about job creation, improved education, and affordable housing; not a tax break for the Nation's wealthiest citizens. As we consider aid to our former adversaries in the East, I hope we will give equal attention and support to the problems which plague us much closer to home. It has been 2 months since the verdict in the Rodney King case. Now is the time to act.

EXHIBIT 1

[Congressional Research Service, June 3, 1992]

ENTERPRISE ZONES: THE DESIGN OF TAX INCENTIVES

(Jane G. Gravelle, Senior Specialist in Economic Policy, Office of Senior Specialists)

ABSTRACT

This study examines the use of capital and labor subsidies to increase jobs and wage rates in enterprise zones. It describes how tax incentives for such zones will vary enormously in their effects, depending on their design. It briefly treats some other issues that have arisen with respect to enterprise zones, including administrative difficulties in implementing such tax subsidies.

SUMMARY

The stated objective of enterprise zones is to attract new businesses into the zones and increase the number of jobs and the general welfare of individuals in these areas. Businesses could be encouraged to move into an enterprise zone or to expand their operations within a zone by any subsidy that initially increases their profitability. Thus, one could provide a tax benefit that was related to labor costs, a benefit related to capital costs, or a benefit related to total costs; the latter would be the equivalent of equal proportional subsidies for labor and capital.

The effects of capital and labor tax subsidies for enterprise zones on jobs and wages, both in the zones and in the economy as a whole, vary substantially. Capital subsidies are less effective than labor subsidies in promoting jobs and higher wages. In fact, subsidies for investment in an enterprise zone could easily *reduce* jobs and wage rates in that zone. This effect occurs because capital subsidies act to discourage labor (through encouraging substitution of capital for labor) as well as to encourage it (through increased output). The direction of the effect depends on the magnitude of these substitution and output effects.

When capital incentives have effects in the desired direction or when labor subsidies are used, the effects can be diluted if labor is mobile into the enterprise zone. A wage subsidy may then increase production and employment within a zone, but not create substantially higher employment for residents of a zone. The effect of the subsidy is then to shift production and employment from outside to inside the zone.

If the effects of capital subsidies on jobs and wage rates in the zone were positive, their effectiveness will be reduced if many areas of the country are designated as enterprise zones. Any increase in jobs in one area comes at the expense of decreases in jobs in other areas.

The report briefly mentions some other issues that have arisen with respect to enterprise zones, including some serious administrative difficulties in implementing the tax subsidies for the zones.

I thank Al Davis and Dennis Zimmerman for helpful discussions and comments.

The recent disorders in Los Angeles have focused interest on developing new programs to deal with problems of the cities. Among the approaches proposed for this urban policy initiative are the provision of tax benefits for designated areas of cities termed "enterprise zones".[1] The stated objective is to attract new businesses and increase the number of jobs and the general welfare of individuals in these areas.

There have been a number of bills introduced over the years to provide for tax subsidies for enterprise zones. They have typically included subsidies to capital investment as well as subsidies to wages. This year, the President proposed to provide a tax credit for wages paid to employees (up to a ceiling), a zero capital gains tax for property used in the enterprise zone at least two years, and a tax deduction for stock purchases in small firms operating in the enterprise zone. The tax bill (H.R. 4210) that was passed by the Congress in March (and vetoed by the President) included a wage credit (limited to residents of the enterprise zone), a deduction for the purchase of stock in small firms, and an additional first year depreciation deduction for investment in machinery and equipment.

There are two fundamental public policy questions in evaluating these enterprise zone proposals. First, will the subsidies be effective in increasing jobs and the welfare of the residents of the designated zone, and how should they be designed? Secondly, is the targeting of incentives to individuals in geographic areas the fairest and most effective way to relieve the poverty of individuals?

This paper is primarily concerned with the first question—what effects tax subsidies are likely to have—although broader issues are addressed as well. It considers the general consequences of capital and wage tax subsidies on employment and wage rates in the enterprise zones (and elsewhere). The first section examines the effects of wage versus capital subsidies using a simple partial equilibrium model. This analysis demonstrates the relative ineffectiveness of capital as compared to wage subsidies. It also shows that the residents of a zone would receive little benefit under either subsidy if, as seems likely, labor is relatively mobile into and out of the zone. The second section considers the effects of the number of zones picked on the efficacy of the capital tax subsidies through a general equilibrium model. The next section briefly reviews some other issues, including a number of administrative problems, surrounding tax subsidies for enterprise zones. The concluding section assesses the implications of the findings for the design of tax incentives for enterprise zones.

WAGE VERSUS CAPITAL SUBSIDIES

A discussion of basic theory

Businesses could be encouraged to move into an enterprise zone or to expand their operations within a zone by any subsidy that initially increases their profitability. Thus, one could provide a tax benefit that was related to labor costs, a benefit related to capital costs, or a benefit related to total costs; the latter would be the equivalent of equal proportional subsidies for labor and capital.

Any sort of subsidy would tend to increase the total amount of output produced in the zones. If the objective is to promote employment within the zone, however, a labor subsidy would be more effective than a capital subsidy. When a subsidy is applied to one factor of production, there are two behavioral responses that occur. The first is that output increases. This output effect alone would increase the employment of both labor and capital. The second effect is a substitution effect. For example, when a labor subsidy is provided, labor intensive firms will be more heavily attracted to the area. Moreover, all firms (whether attracted by the subsidy or already operating in the area) will tend, in addition to expanding operations, to substitute labor for capital. In this case, the output effects and the substitution effects reinforce each other.

By contrast, a capital subsidy will encourage capital intensive firms to locate to the area and encourage all firms, including those already in the zone, to use relatively less labor and more capital. In this case the output effects and the substitution effects offset each other. For any subsidy of equal size, the capital subsidy will be less effective in promoting wage growth and employment than will a labor subsidy. Moreover, if the substitution effect is more powerful than the output effect, a capital subsidy will actually *decrease* employment and wages, making the residents of the zone worse off than they were before.

The power of either type of subsidy is also affected by the labor supply response. Most empirical evidence suggests that the labor supply response is relatively small for individuals as a whole, and indeed may not even be positive. In that case, most of the effect of a labor subsidy will show up in higher wage rates (although a capital subsidy could lower wages). If labor is mobile between other areas and enterprise zones, as would be the case when small areas of a city are designated enterprise zones, the effects on wage rates will be much smaller and the increase of employment of the residents of the zone smaller. Most of the effect will then be to relocate activity within a certain area without appreciably affecting the income of the residents.

Calculation of tax effects

To demonstrate these effects, a partial equilibrium model is used to calculate the effects of these tax changes. A partial equilibrium model looks only at the specific areas under consideration; this model is set up to allow a completely unrestricted flow of capital into the zone in response to the subsidy. (In economist's jargon, it assumes an infinitely elastic capital supply function.)[2] It thus represents a best case scenario for the magnitude of effects, especially from capital subsidies.

This model is differentiated and is thus appropriate only for small changes (see Appendix for details). These results are presented in the form of a percentage change for each percentage point tax subsidy. For example, if our estimate for job increase is 0.5, it means that a subsidy of one percent of capital income (a reduction in the tax rate by one percentage point) will lead to an increase in jobs of one half of one percent.

The numerical estimates for effects on jobs and wage rates depend on the output, substitution, and labor supply responses. These responses are typically expressed as elasticities—the percentage change in some quantity measure, divided by the percentage change in some price measure. The factor substitution elasticity is the percentage change in the ratio of capital to labor divided by the percentage change in the ratio of rate of return (required before tax to earn the going profit rate) to the wage rate. If this value is large, it is relatively easy to substitute one factor for another. The product substitution elasticity is the percentage change in output divided by the percentage change in price. If this value is large, it is easy to sell a great deal more output with a small reduction in price. The labor supply elasticity is the percentage change in labor supplied divided by the percentage change in wage rate. If this number is large, the number of individuals willing to work will rise substantially with a small increase in the wage rate. The factor substitution and product substitution elasticities are negative, but in the formulas to follow all elasticities are presented in absolute values, so that the mathematical sign of the relationship can be easily seen.

The assumption is made that the required after tax return to capital is fixed; this assumption means that the supply of capital is infinitely elastic. The only remaining factor that influences the tax elasticity is the initial capital and labor shares.

Formulas

A complete set of formulas are derived in the Appendix. The following formulas for job response are presented to illustrate how different behavioral responses affect the jobs created (or, in some cases of capital subsidies, lost.)

(1) The Percentage Change in Jobs with a One Percent Capital Subsidy:

$$\frac{E_{LZ}(1-a)(E_p-S)}{(S(1-a)+aE_p+E_L)}$$

E_p=Product Demand Elasticity (absolute value).

S=Factor Substitution Elasticity (absolute value).

E_L=Aggregate Labor Supply Elasticity.

a=Initial Share of Labor Income.

E_{LZ}=Labor Supply Elasticity within the Zone.

The denominator of this formula is positive, since the value "a" is a fraction. Thus, the effect of a capital income subsidy will be negative as long as the factor substitution elasticity is larger than the product demand elasticity. In general, businesses that sell local products that are necessities (such as food and drug stores) would tend to have small product demand elasticities, while businesses that produce a homogeneous nationally marketed product (such as a manufacturing enterprise) would have large elasticities.

Note also that magnitude is also affected by the capital intensity of the industry—generally the more capital intensive the industry the larger the effect on jobs (whether positive or negative) for a given percentage tax. This effect, however, simply reflects the fact that a larger capital intensity will lead to a larger total subsidy (in dollar cost).

(2) The Percentage Change in Jobs with a One Percent Wage Subsidy:

$$\frac{E_{LZ}(aE_p+(1-a)S)}{(S(1-a)+aE_p+E_L)}$$

[1]There are currently various State and local enterprise zones that may receive special benefits. The success or failure of these enterprise zones does not tell us anything about the economic consequences of "tax" enterprise zones; indeed, a central point of this paper is that tax incentives for enterprise zones will vary enormously in their effects depending on their design.

[2]An infinitely elastic supply of capital does not mean that unlimited amounts of capital will flow into the zone. Rather, it means that capital will expand until the after-tax rate of profit returns to its original level. The aggregate amount of capital ultimately employed will be constrained by the technology of production, and the labor supply and product demand responses.

The effect of a wage subsidy on jobs is positive (assuming the labor supply response is positive). The magnitude depends on how large the aggregate labor supply elasticity is relative to a weighted average of the substitution and output effects, and how large the zone labor supply elasticity is.

Numerical results

Table 1 provides some calculations of the effects on jobs, and on the wage rate, under the assumption that labor is not mobile. (All of the calculations assume a labor income share, or value of "a", of 0.75). A relatively low labor supply elasticity of 0.2 is assumed, consistent with empirical evidence that the labor supply response is small.[3] Table 1 uses the common Cobb-Douglas assumption of a unitary factor substitution elasticity; most empirical estimates suggest that the long run substitution elasticity is probably close to one.[4] Table 2 presents calculations with a lower substitution elasticity of 0.5.

A range of product demand elasticities is assumed. Demand for some types of products that are produced for sale outside the zone would probably be quite elastic, because these products are close substitutes for products produced in other locations. Some products, however, are localized and heterogeneous (trade and services) and would command a relatively small demand elasticity. In fact, many proposals direct some of their capital subsidies largely at small businesses (e.g. through capital gains benefits) whose product is of this type. The extremes of zero and infinity allow a bracketing of the effects.

The first two columns report the effects of a capital subsidy on both jobs and wage rates (adding the two provides the effect on wage income). For example, in table 1 if the product demand elasticity is 1, there is no effect on jobs or wage rates; if the product demand elasticity is 1.5 a one percentage point tax cut would result in an increase in employment of only 0.02 percent (that is, two hundredths of one percent). The effect on the wage rate would be 0.08 percent (or eight hundredths of one percent). The overall effect on the wage bill would be 0.1 percent. Another way of expressing this effect is that a dollar spent on a capital subsidy given a 1.5 elasticity will result in a 30 cent increase in the income of wage earners in the enterprise zone. (Wage income is three times capital income; thus multiplying the sum of wage and job effects by three would convert these numbers into relative dollar magnitudes.)

A wage subsidy of the same cost (before behavioral response) is also reported. Thus, the equivalent of one percent of capital income is granted as a wage subsidy. (Note that since wages are about three times the size of capital income, the *rate* of the wage subsidy would be smaller; revenue to finance a capital subsidy of one percent would finance a wage subsidy of only ⅓ of a percent). The wage subsidy is always positive in increasing employment and wage rates, assuming a positive labor supply elasticity.

[3]See Charles L. Ballard, Don Fullerton, John B. Shoven and John Whalley, A General Equilibrium Model for Tax Policy Evaluation, National Bureau of Economic Research, Chicago: University of Chicago Press, 1985, pp. 133–137, for a review of the literature. The authors choose an average from the literature for their model of 0.15.

[4]See Ballard et al. pp. 132–133 for a review of the literature. The authors use values that are close to unity in most cases.

TABLE 1.—JOB AND WAGE RATE RESPONSES, 1-PERCENT CAPITAL SUBSIDY AND EQUIVALENT COST LABOR SUBSIDY, ASSUMING FACTOR SUBSTITUTION ELASTICITY OF 1 AND LABOR SUPPLY ELASTICITY OF 0.2, CLOSED LABOR MARKET

Product demand elasticity (E_p)	Capital subsidy		Labor subsidy	
	Job response (percentage change)	Wage rate response (percentage change)	Job response (percentage change)	Wage rate response (percentage change)
1.0	0	0	0.06	0.28
1.5	.02	.08	.06	.29
0.5	−.03	−.15	.05	.25
0	−.11	−.55	.04	.19
Infinity	.07	.33	.07	.33

TABLE 2.—JOB AND WAGE RATE RESPONSES, 1-PERCENT CAPITAL SUBSIDY AND EQUIVALENT COST LABOR SUBSIDY, ASSUMING FACTOR SUBSTITUTION ELASTICITY OF 0.5 AND LABOR SUPPLY ELASTICITY OF 0.2, CLOSED LABOR MARKET

Product demand elasticity (E_p)	Capital subsidy		Labor subsidy	
	Job response (percentage change)	Wage rate response (percentage change)	Job response (percentage change)	Wage rate response (percentage change)
1.0	0.02	0.12	0.06	0.28
1.5	.03	.17	.06	.29
0.5	.00	.00	.05	.25
0	−.08	−.38	.04	.19
Infinity	.07	.33	.07	.33

Source: See appendix for derivations. The responses for a wage subsidy are with respect to a capital subsidy of the same cost. Given the shares of labor and capital income assumed, the wage subsidy as a percentage of wages is a third the size of the capital subsidy rate. Thus, the wage subsidy in all cases is one third of one percent.

Assuming a lower substitution elasticity makes it more likely that the capital subsidy will increase jobs and wage rates, but the results are, nevertheless, still quite modest.

For a given set of assumptions, it is clear that a labor subsidy would be more effective in increasing jobs and wage rates, except in the extreme case where the product demand elasticity is infinitely large. For example, in the case of a 1.5 demand elasticity, the wage subsidy will have three times the impact of the capital subsidy. With low demand elasticities, the wage subsidy will have positive effects while the capital subsidy will actually reduce jobs and wages.

Even if labor is assumed to be more responsive than indicated by empirical evidence, the effects of the capital subsidy would still be small and possibly negative. A higher labor supply elasticity will increase the magnitude of the job response and decrease the magnitude of the wage rate increase, but will not alter the sign of the effect. The effect will still be negative or zero for lower product demand elasticities. Even increases in labor supply assumptions far beyond that supported by empirical research would still result in modest effects. For example, with a labor supply elasticity of 1 and a product demand elasticity of 1.5, the job response would be only 0.05—or only a five hundredths of one percent of an increase for a one percent subsidy. The wage rate effect would actually be smaller than in the lower elasticity case—only 0.05 percent. The total effect on the wage bill and labor supply are about the same—0.1 percent.

The results in tables 1 and 2 assume that labor is not mobile from one area to another. If labor can be imported into the enterprise zone from nearby areas, as seems likely, then the aggregate labor supply will be much more elastic. In the extreme, mobility of labor would eliminate any increase in jobs or wage rates within the zone as labor would flow into the zone until wages return to their original levels. Even a modest elasticity will, however, considerably reduce the effects of the incentives. These effects are shown in tables 3 and 4, which assume the same 0.2 elasticity for the supply of labor within the zone, but an overall aggregate of 1 for total labor supply to the zone. The larger overall labor supply elasticity causes the effects on wages to be smaller in absolute value. Moreover, because the wage effects are smaller, the effects on labor supply are also smaller. For example, with an aggregate demand elasticity of 1, the effects on jobs and wage rates are almost halved.

As labor supply becomes more elastic, the effect on wages declines until, at the extreme, there is no effect on either jobs or wage rates of zone residents.

GENERAL EQUILIBRIUM EFFECTS

The model used in the previous section was a partial equilibrium model. In particular, it did not take into account the relationship between factors of production within and without the enterprise zones, or of how the number of enterprise zones might affect the results within any one zone.

TABLE 3.—JOB AND WAGE RATE RESPONSES, 1 PERCENT CAPITAL SUBSIDY AND EQUIVALENT COST LABOR SUBSIDY, ASSUMING FACTOR SUBSTITUTION ELASTICITY OF 1 ZONE LABOR SUPPLY ELASTICITY OF 0.2, OVERALL LABOR SUPPLY ELASTICITY OF 1

Product demand elasticity (E_p)	Capital subsidy		Labor subsidy	
	Job response (percentage change)	Wage Rate response (percentage change)	Job response (percentage change)	Wage Rate response (percentage change)
1.0	0	0	0.03	0.17
1.5	.01	.05	.04	.19
0.5	.02	.08	.03	.13
0	.04	.20	.01	.07
Infinity	.07	.33	.07	.33

TABLE 4.—JOB AND WAGE RATE RESPONSES, 1 PERCENT CAPITAL SUBSIDY AND EQUIVALENT COST LABOR SUBSIDY, ASSUMING FACTOR SUBSTITUTION ELASTICITY OF 0.5, ZONE LABOR SUPPLY ELASTICITY OF 0.2, OVERALL LABOR SUPPLY ELASTICITY OF 1

Product demand elasticity (E_p)	Capital subsidy		Labor subsidy	
	Job response (percentage change)	Wage Rate response (percentage change)	Job response (percentage change)	Wage Rate response (percentage change)
1.0	0.01	0.07	0.03	0.16
1.5	.02	.11	.04	.19
0.5	.00	.00	.02	.11
0	.02	.11	.01	.04
Infinity	.07	.33	.07	.33

Source: See appendix for derivations. The responses for a wage subsidy are with respect to a capital subsidy of the same cost. Given the shares of labor and capital income assumed, the wage subsidy as a percentage of wages is a third the size of the capital subsidy rate, thus, the wage subsidy in all cases is one third of 1 percent.

This section illustrates the importance of general equilibrium analysis of subsidies by illustrating its effects with respect to a capital subsidy. In the earlier partial equilibrium model, capital was assumed to be elastically supplied, a very generous assumption. In this general equilibrium model, capital is fixed in the aggregate, as the empirical literature suggests is likely,[5] and the

[5]Michael Boskin found a small positive savings response (Taxation, Savings, and the Rate of Interest, Journal of Political Economy, Vol. 86, January, 1978,

magnitude of the effect depends on what fraction of the country is designated as an enterprise zone. (Labor is assumed to be immobile). This type of modeling is particularly important for those products where the product demand elasticity is high since these products are likely associated with a large market rather than a local market. The formula for the effect of a capital income tax subsidy on wages is:

$$\frac{(1-b)E_{L,r}(1-a)(E_P-S)}{(S(1-a)+aE_P+E_L)}$$

where b is the fraction of the original output that now becomes eligible for the subsidy. Note that as the fraction of initial output eligible for the treatment becomes larger, the impact of the subsidy on jobs in the zone becomes smaller. At the limit, when b equals 1 and all areas are designated as enterprise zones there is no effect of the capital subsidy at all.

When the capital subsidy does have a positive effect on wages, each additional increment of the productive capacity designated as an enterprise zone reduces the benefits to existing zones in direct proportion. For example, using the results from table 1, when the product elasticity is 1.5, jobs are increased by two tenths of a percent. If half the country were designated as an enterprise zone, this job increase would be half as large, only one tenth of a percent.

In such a general equilibrium model, it can also be recognized that the wage rate (and employment) in non-enterprise zones, will be affected as well. The effect on jobs in non-enterprise zones of a capital subsidy is:

$$\frac{-bE_{L,r}(1-a)(E_p-S)}{(S(1-a)+aE_p+E_L)}$$

For example, with an elasticity of 1.5, and half of the country designated as an enterprise zone, jobs in the zones will rise by 0.1 percent while jobs outside the zones will fall by an equal number. Aggregate employment in the country will not be affected at all. The adverse effects on other areas may not be of great concern if other areas are all well-off. Some of these areas, however, will be marginal themselves, and the reduction in employment and wages of some concern.

This model does not allow for linkages across areas between labor markets, because the modeling of such linkages is complex (the substitutability of labor is affected by distance and other characteristics which make it more difficult to model). Essentially, however, the same general types of phenomena would occur with a general equilibrium labor supply model—the more areas that are designated the smaller the effects on employment and wages within a zone. With very mobile labor, the overall result of enterprise zones would probably be to move production locations, with little effect on the relative incomes. In this case, the primary effect will be inefficiency in the location of investment.

OTHER ISSUES

The previous section has shown that certain types of tax incentives (e.g. wage subsidies limited to zone residents) are more effective in increasing jobs and wage income in enterprise zones. There are, however, many other issues associated with the desirability of enterprise zones aside from the effectiveness of tax subsidies in increasing employment and wages. A number of these issues are discussed by Zimmerman.[6] For example, the enterprise zone approach (if it works in the right direction) would benefit all individuals in a given poor location. This approach results in a loss of income and jobs for poor individuals who live in more affluent areas and a gain in income for more affluent individuals who live in less affluent areas. Another problem is that once areas are revived, rents could rise, driving poor individuals out of the area. Finally, there will be an overall loss in efficiency in the economy through the relocation of resources. Currently, firms choose those locations that are most efficient. Relocating these firms might shift the location of jobs but will also result in inefficiency, that will impose a cost on all individuals.

On occasion there is also a discussion of the increased jobs associated with the putting into place of new investment. This is a short run phenomenon, as ongoing investment is very small in the long run. Moreover, investment in machinery and equipment is typically manufactured in other areas and would produce no additional jobs in the zone even in the short run. Even for construction that takes place in the zone, the possibility of imported labor from outside the zone must be considered.

There are also some troublesome administrative problems in designing tax subsidies for enterprise zones.

First, there is a fundamental difficulty in defining the enterprise zone. The ideal place for business activity to expand would not necessarily be in a residential area; yet common definitions of eligibility for such zones (such as percentage of the individuals living in the zone that are poor) would need to include residential census tracts in order to obtain such a definition. Defining a zone might involve combining an essentially nonresidential area with residential areas that result in a qualifying total area. Such a procedure could easily be subject to abuse and to targeting certain businesses and existing tracts by carefully chosen combinations of residential and nonresidential tracts. To prevent such abuse would be difficult. Rules could be developed to preclude too much gerrymandering (e.g., ratio of perimeter to area), but the fundamental problem of defining the zone would not be easily overcome.

Second, there is a general issue as to whether the provision of subsidies is to be open-ended (like an entitlement program) or fixed in amount. An open ended subsidy may involve considerable difficulties in estimating the revenue cost of the package since it is difficult to know in advance how many zones will qualify and the extent of business operations in those zones. If the amount of subsidies is capped, however, there may have to be a case by case determination of who gets the benefits. Such an approach may be desirable, but it could also lead to considerable administrative overhead, as well as potential abuses.

Third, there are some specific administrative problems with capital subsidies. If capital subsidies are to be open-ended, there is nothing to prevent a firm that is virtually all capital (such as a telephone switching operation, power facility, or mainframe computer) from locating within a zone and simply taking advantage of the tax benefits while producing no benefits at all for the zone in the way of jobs and wage rate increases. This is an extreme case of capital labor substitution, and to the extent that such facilities displace labor-using businesses, economic activity in the enterprise zone will suffer. Another problem is that firms without adequate tax liability would not be able to use the tax benefits. For this reason, some proposals are made to grant benefits to investors through deductions for stock acquisitions and eventual capital gains. These types of subsidies would preclude benefits to large firms expanding their operations into a zone. Yet it is in the production of homogenous products for a national market that a capital subsidy is most likely to expand labor demand (i.e., where the demand elasticity is likely to be large). Moreover, if benefits are only allowed for firms that operate within the zone, this approach could preclude new businesses from expanding beyond the zone in the future—exactly what one would expect a successful new business to do.

If direct investment subsidies are allowed (which would get around the previous problem of expansion but not the problem of no tax liability), there would need to be rules for recapturing the benefit if the investment were moved out of the zone. Otherwise, firms could qualify assests for benefits and then subsequently move them out of the zone. Another problem with investment subsidies would be how to define use within the zone. For example, a trucking firm could locate its headquarters within a zone even through most of the time its trucks would operate outside the zone. Indeed, without restraints, it would be possible to set up leasing operations for equipment within a zone that would be leased for use in other areas. To write regulations dealing with these problems would be complex.

Wage subsidies represent fewer administrative problems, but there are hurdles there as well. Wage subsidies could be allowed for all employees in the zone, but this approach could reduce the benefits for local residents through the importation of labor. To restrict the benefits to those residing in the zone, however, raises the issues of verifying residence (individuals might find ingenious ways to establish residence for this purpose). In addition, rational employers would respond by paying different wages, which could lead to resentment on the part of those individuals not residing in the zone. It would also penalize individuals for moving. Even under the simplest case, when all employees are covered, there would still be an incentive to set up headquarters in the zone for employees who work elsewhere. For example, a plumbing firm could have a dispatch operation in the zone, even though its employees

pp. s2–s27). Subsequent studies have generally failed to find a statistically significant savings response. See Barry Bosworth, Tax Incentives and Economic Growth, Washington, D.C.: Brookings Institution, 1984; Irwin Friend and Joel Hasbrouck, Saving and After Tax Rates of Return, The Review of Economics and Statistics, Vol. 65, November 1983, pp. 537–543; E. Philip Howry and Saul H. Hymans, The Measurement and Determination of Loanable Funds Savings, Brookings Papers on Economic Activity, No. 3, 1978, pp. 655–705; John Makin and Kenneth A. Couch, Savings, Pension Contributions, and the Real Interest Rate, The Review of Economics and Statistics, Vol. 71, August 1989, pp. 401–407. Occasionally, the study done by Lawrence Summers, Capital Income Taxation and Accumulation in a Life Cycle Model, American Economic Review, Vol. 71, September, 1982, pp. 533–44 is cited as evidence of a high savings response. This paper is not, however, a statistical analysis but a simulation model which can be made consistent with any savings response. See Owen J. Evans, Tax Policy, the Interest Elasticity of Saving, and Capital Accumulation: Numerical Analysis of Theoretical Models, American Economic Review, Vol. 73, June 1983, pp. 398–410.

[6] Dennis Zimmerman, Federal Tax Incentives for Enterprise Zones: Analysis of Economic Effects and Rationales, Congressional Research Service Report 89-371 E, June 15, 1989.

work all over the city. Regulations to define who is actually working in the zone could be cumbersome.

Wage subsidies could be targeted to lower income individuals. The advantage of this targeting would be offset because the wage subsidy would need to be phased out; during the phaseout range the wage subsidy actually adds to the tax rate and might discourage firms from offering these workers additional hours of work. Finally, it would be easy for a firm, particularly one that is relatively labor intensive, to quickly run out of tax liability even with a small subsidy.

CONCLUSION

The clearest result that emerges from the preceding analysis of tax subsidies for enterprise zones is that capital subsidies are likely to have a very small effect on jobs and employment in an enterprise zone, and that they may actually make the circumstances of residents of the zone worse. When capital subsidies work in the right direction, their effectiveness can be reduced considerably by the importation of workers into the zone from nearby areas and by the general equilibrium effects of tax subsidies.

Some arguments might be made that if these enterprise zones have virtually no economic activity, then attracting new businesses, even through capital subsidies can only help residents. The counter argument is that if the relative cost of operating in a business is such that virtually no businesses operate in the zone, the relatively modest effects of the capital subsidy on the cost structure are unlikely to have much of an effect. Moreover, labor subsidies would still be more effective than capital subsidies since the new businesses attracted would be more labor intensive.

Subsidies to labor will work in the desired direction (assuming labor supply response is positive). The effectiveness of labor subsidies can be greatly reduced if labor is attracted into the zone from nearby areas. There are also general equilibrium effects of labor subsidies that, while difficult to trace, are nevertheless present. The effect of labor mobility could be offset by limiting labor subsidies to zone residents, but such a restriction would produce problems of administration and perceptions of fairness that could be serious.

APPENDIX

The following presents the basic equations and derivations for the partial equilibrium and the general equilibrium model. The model is a differentiated one (describing the consequences for a small change) which presents all the equations as relationships between percentage changes in the variables and elasticities. The revenue cost of the tax is presumed to be made up by a reduction in general expenditure in the economy that does not affect relative demand for products in both models.

Partial equilibrium model

In the partial equilibrium model, the after tax rate of return is held constant (equivalent to assuming an infinitely elastic supply of capital). The basic equations are:

(1) $K=Q + S(T_k+P)$.
(2) $Q=E_p P$.
(3) $K=L + S(T_k + W - T_L)$.
(4) $L=E_L W$.
(5) $P=a(W - T_L) - (1-a) T_k$.

where K, Q, L, W, and P are the percentage changes in capital, output, labor, wage rate and product price. S, E_p, and E_l are respectively the factor substitution elasticity, the price elasticity of demand for the product and the price elasticity of supply for labor. The term "a" refers to the initial share of output paid in wages, and T_K and T_L are the subsidy rate (negative tax rate) for capital and labor. The first equation says that the demand for capital depends on the level of output and the relative price of capital (recall that the rate of return is fixed and does not appear in the model which is based on percentage changes). The second equation says that the quantity of output demanded depends on its price. The third equation states that the demand for capital depends on the level of labor and the relative price of capital to labor. The fourth equation indicates that the quantity of labor supplied depends on the wage rate, and the fifth equation is a technical equation stating that percentage change in product price is a weighted average of the percentage changes in the prices of labor and capital and of the subsidies.

By combining terms, we obtain the equation for change in wage rate, with respect to either the capital or the labor subsidy:

$$(6)\quad W= \frac{(1-a)(E_P-S)}{(S(1-a)+aE_P+E_L)} T_K$$

$$(7)\quad W= \frac{S(1-a)+aE_P}{(S(1-a)+aE_P+E_L)} T_L$$

To obtain the effect on labor employed, these values are substituted into the labor supply equation (4):

$$(8)\quad L= \frac{E_L((1-a)(E_P-S))}{(S(1-a)+aE_P+E_L)} T_K$$

$$(9)\quad L= \frac{E_L (S(1-a)+aE_P)}{(S(1-a)+aE_P+E_L)} T_L$$

These labor equations measure the aggregate increased labor employment for the entire pool. If the subsidy draws in labor from outside of the zone, and the increase in labor supply within the zone is the object of interest, the labor supply elasticity in the numerator of (8) and (9) would be replaced by a smaller local elasticity. This elasticity is designated in the text as E_{LZ}.

General equilibrium model

Employing a general equilibrium model requires a separate set of equations for enterprise zones (the subsidized sector) and the unsubsidized sector, as well as a set of equations describing the relationships between the sectors. In this particular model, we hold the overall capital stock fixed, but segregate the labor supply in each area so that it can respond independently. Most economic evidence indicates that the supply of capital in the aggregate is not responsive to changes in rate of return. An alternative model would make labor mobile between sectors, but would be more complicated.

This model allows the rate of return net of the subsidy (R) to vary with respect to changes in the demand for capital, but market forces will require it to be equal in both sectors.

The specific equations for the subsidized sector are:

(10) $K=Q+S(-R+T_K+P)$.
(11) $K=L+S(-R+T_K+W-T_L)$.
(12) $L=E_L W$.
(13) $P=a(W-T_L)+(1-a)(R-T_K)$.

These equations denote the capital demand, capital labor ratio, labor supply, and price for the subsidized sector.

There is also a set of parallel equations for the non-subsidized sector, with the valuations denoted by *:

(14) $K^*=Q^*+S^*(-R+P^*)$.
(15) $K^*=L^*+S^*(-R+W^*)$.
(16) $L^*=E_l{}^*W^*$.
(17) $P^*=a^*W^*+(1-a^*)R$.

Note that while R must be equalized in the sectors, the wage rate and other variables can be different, as can the elasticities of factor substitution and labor supply.

In addition to these eight equations, there are three additional equations, in which the term b is the share of output initially produced in the subsidized sector:

(18) $K(1-a)b+K^*(1-a^*)(1-b)=0$.
(19) $Q-Q^*=-E_P(P-P^*)$.
(20) $Pb+P^*(1-b)=0$.

Equation (18) describes the relationship between the changes in capital in each sector given a fixed capital stock, equation (19) relates the relative demand for the products to their relative prices, and equation (20) fixes overall income as the numeraire.

Mr. PELL. Mr. President, this is a nongermane amendment. This is not a substantive argument, but it is a fact we should bear in mind. When we started out in this resolution, we were talking about aid to the former Soviet Union, aid to the Russian Republics. This amendment of the Senator from Michigan, an excellent amendment were it on a freestanding bill, an amendment or a bill I would vote for if it were by itself, is neither germane nor does it ensure the passage of the Russian support bill, which we all are very anxious to have passed.

I heard the possibilities, the probabilities of unrest, disaster. Perhaps that would happen if Yeltsin went down the drain. We have seen in the past the fragility of democracy; how only for a few months in 1917 and a few months now have these people enjoyed democracy. It is up to us, I think, to try to help continue it.

For these reasons, I move to table the underlying amendment of the Senator from Michigan.

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. There being no further debate, the question is on agreeing to the motion to lay on table the amendment (No. 2709).

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

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Carolina [Mr. SANFORD] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Virginia [Mr. WARNER] is necessarily absent.

I further announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Delaware [Mr. ROTH] are absent due to illness.

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

The result was announced—yeas 64, nays 32, as follows:

[Rollcall Vote No. 146 Leg.]

YEAS—64

Akaka	Durenberger	McCain
Baucus	Exon	McConnell
Bentsen	Garn	Moynihan
Biden	Gore	Murkowski
Bingaman	Gorton	Nickles
Bond	Gramm	Nunn
Boren	Grassley	Packwood
Brown	Hatch	Pell
Bumpers	Hatfield	Pressler
Burdick	Heflin	Robb
Burns	Jeffords	Rudman
Chafee	Johnston	Simon
Cochran	Kassebaum	Simpson
Cohen	Kennedy	Smith
Conrad	Kerrey	Stevens
Craig	Kohl	Symms
Cranston	Leahy	Thurmond
D'Amato	Levin	Wallop
Danforth	Lieberman	Wirth
Dixon	Lott	Wofford
Dole	Lugar	
Domenici	Mack	

NAYS—32

Adams	Glenn	Pryor
Bradley	Graham	Reid
Breaux	Harkin	Riegle
Bryan	Hollings	Rockefeller
Byrd	Inouye	Sarbanes
Coats	Kasten	Sasser
Daschle	Kerry	Seymour
DeConcini	Lautenberg	Shelby
Dodd	Metzenbaum	Specter
Ford	Mikulski	Wellstone
Fowler	Mitchell	

NOT VOTING—4

Helms	Sanford
Roth	Warner

So the motion to lay on the table the amendment (No. 2709) was agreed to.

Mr. DOLE. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. WALLOP and Mr. KASTEN addressed the Chair.

AMENDMENT NO. 2712

(Purpose: To strengthen "Buy American" provisions of law by limiting exceptions for procurement outside the United States)

The PRESIDING OFFICER. The Senator from Wisconsin.

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

Mr. WALLOP. Mr. President, with all due respect to my colleague from Wisconsin——

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Wisconsin [Mr. KASTEN] for himself, Mr. LEAHY, Mr. BYRD, Mr. BOREN, Mr. DOMENICI, Mr. NICKLES, and Mr. BOND proposes an amendment numbered 2712.

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

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

The amendment is as follows:

On page 52, after line 13, insert the following new section:

SEC. 21. LIMITATION ON PROCUREMENT OF GOODS AND SERVICES OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—Section 604 of the Foreign Assistance Act of 1961 (22 U.S.C. 2354) is amended to read as follows:

"SEC. 604. PROCUREMENT.—(a) It shall be the policy of the United States that, in the procurement of goods and services under this Act, the agency primarily responsible for administering part I of this Act shall give preference, except in the limited circumstances described in this section and section 636, to the procurement of goods which are produced, grown, or manufactured in the United States and of services which are provided by United States firms.

"(b) Funds made available under this Act may be used for procurement outside the United States only if—

"(1) the President determines that such procurement—

"(A) will not result in adverse effects upon American industries that have a competitive capability in international markets, and

"(B) will not otherwise adversely affect the economy of the United States, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world,

which adverse effects would outweigh the economic or other advantages to the United States of less costly procurement outside the United States; and

"(2) only if the price of any commodity procured in bulk is 50 percent or more lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

"(c) No funds made available under this Act may be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

"(d) In providing for the procurement of any agricultural commodity or product available for disposition under the Agricultural Trade Development and Assistance Act of 1954 for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such agricultural commodity only within the United States except to the extent that such agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

"(e)(1) In providing assistance in the procurement of comodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II.

"(2) In the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities which are purchased with funds provided under this Act and which are destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

"(f) No funds made available under this Act may be used for the procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity, unless the commodity to be financed could not reasonably be produced in the United States in fulfillment of the objectives of a particular assistance program under which such commodity procurement is to be financed.

"(g) No funds made available to carry out part I of this Act may be used under any commodity import program, or in connection with any cash transfer or similar program (except where such program or transfer is specifically provided for by law) to make any payment to a supplier unless—

"(1) the supplier has certified to the agency primarily responsible for administering such part I such information as such agency shall by regulation prescribe, including but not limited to, a description of the commodity supplied by the supplier, its condition, and its source and origin; and

"(2) on the basis of such information, such agency shall have approved such commodity as eligible and suitable for financing under this Act.

"(h) (1) None of the funds authorized to be appropriated or made available for obligation or expenditure under this Act may be made available for the procurement of construction or engineering services from advanced developing countries, eligible under the Geographic Code 941, which have attained a competitive capability in international markets for construction services or engineering services.

"(2) Paragraph (1) does not apply with respect to an advanced developing country which—

"(A) is receiving direct economic assistance under chapter 1 of part I or chapter 4 of part II of this Act, and

"(B) if the country has its own foreign assistance programs which finance the procurement of construction or engineering services, permits United States firms to compete for those services.

"(i) The requirements of this section do not apply to the procurement of goods or services in connection with the provision of assistance under chapter 9 of part I of the Foreign Assistance Act of 1961 (relating to international disaster assistance).

"(j)(1)(A) The Administrator, Deputy Administrator, any Associate Administrator, or any Assistant Administrator of the agency primarily responsible for administering part I of this Act may, in order to authorize procurement from advanced developing countries or countries included under Geographic Code 935, waive the provisions of this section only with respect to specific procurement transactions and only if such person determines that to do so is vital to furnish assistance as effectively and expeditiously as possible.

"(B) The waiver authority conferred by subparagraph (A) may not be delegated to any officer or employee not specified in that subparagraph.

"(2)(A) The Administrator of such agency shall submit a quarterly report to the appropriate congressional committees setting forth any waivers made during the preceding calendar quarter under this subsection and subsection (i), together with the reasons therefor.

"(B) As used in this paragraph, the term 'appropriate congressional committees' means the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.

"(3) The exemption provided by this subsection shall not be construed to apply to the Comprehensive Anti-Apartheid Act of 1986.

"(k) The provisions of this section shall not be superseded except by a provision of law which specifically repeals, modifies, or supersedes the provisions of this section.".

(b) PROCUREMENT OF MOTOR VEHICLES.—Section 636(i) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(i)(1) Notwithstanding any other provision of law, none of the funds made available to carry out this Act shall be used to finance the purchase, sale, long-term lease, exchange, or guaranty of a sale of motor vehicles unless such motor vehicles are manufactured in the Unites States.

"(2) Paragraph (1) shall not apply—

"(A) in cases of emergency where motor vehicles cannot be manufactured in the United States to meet demands when time is of the essence; or

"(B) where the total number of motor vehicles sought to be used in a foreign country by the agency primarily responsible for administering part I of this Act is six or fewer or, in excess of that number, if the Administrator, Deputy Administrator, any Associate Administrator or any Assistant Administrator of such agency determines that to do so is necessary for the effective administration of the agency's programs. The authority of this subparagraph may not be delegated to any other officer or employee of that agency.

"(3) Nothing in this Act may be construed as approval of any decision to not purchase a motor vehicle manufactured in the United States when such purchase is feasible and consistent with the purposes of the assistance being provided.".

(c) REPEAL.—Section 496(n)(4) of the Foreign Assistance Act of 1961 (22 U.S.C. 2293(m)(4)) is hereby repealed.

(d) BUY-AMERICA ADVOCATE.—Part III of the Foreign Assistance Act of 1961 is amended by inserting after section 604 the following new section:

"Sec. 604A. BUY-AMERICA ADVOCATE.—(a) The Administrator shall establish within the agency an Office of the Buy-America Advocate for the purpose of maximizing the participation of United States businesses in the development process by ensuring that the agency adheres to 'Buy America' precepts in all its procurement activities.

"(b) The Office shall be headed by a Buy-America Advocate who shall be appointed by the Administrator from among career Senior Foreign Service officers having extensive experience in export transactions, commodity import programs, and privatization. The Advocate shall be directly responsible to the Administrator.

"(c) The Buy-America Advocate shall—

"(1) have access to and the authority to review all documentation involving procurement activities of the agency;

"(2) review all programs involving cash transfers to determine whether a commodity import program will accomplish the same policy objectives as the cash transfer; any disagreement with a determination by the Buy-America Advocate that the same policy objectives can be accomplished by a commodity import program shall be resolved by the Administrator;

"(3) have full and unimpeded access to all information provided under the Buy-American reporting system (BARS), or any successor system to BARS;

"(4) have full and unimpeded access to technical services and information involving procurement activities, particularly the procurement of commodities and the entering into contracts;

"(5) receive and review all justifications for any procurement of non-United States commodities and services, including those funded by the Development Fund for Africa and, based on that review, shall, on a case-by-case or class-of-procurement basis, recommend to the Administrator any corrective actions that are necessary to ensure that Buy-America procurement opportunities are maximized;

"(6) coordinate its efforts with agency officials who perform duties in the area of trade and investment promotion and information; and

"(7) be accessible to the United States business community, ensuring that the community is fully aware of opportunities for exports, investments, and joint ventures in developing countries.

"(d) Beginning 6 months after the date of enactment of this section, and every 12 months thereafter, the Administrator shall submit to the Congress a report prepared by the Advocate which—

"(1) details procurement by the agency of United States commodities and services during the preceding reporting period;

"(2) compares Buy-America procurement for the same period of the preceding year;

"(3) contains data for all agency activities that accurately reflects the percentages of commodities and services financed by the agency that are of United States source or origin;

"(4) analyzes mission or bureau programs to identify shortfalls in performance in meeting Buy-America requirements contained in law and regulations; and

"(5) identifies remedial action to overcome such shortfalls.

"(e)(1) The agency shall assign to the Office such staff as may be necessary to carry out this section, including individuals who are expert in contracts and statistical analysis.

"(2) In addition, the agency shall provide the staff with all automation support requirements, including access to all relevant procurement—and financial management-related systems, databases, and files.

"(f) As used in this section—

"(1) the term 'Administrator' means the Administrator of the agency; and

"(2) the term 'agency' means the agency primarily responsible for administering part I of this Act.".

Mr. WALLOP. Mr. President, will my colleague yield.

Mr. KASTEN. I will be pleased to yield to the Senator from Wyoming.

Mr. WALLOP. Mr. President, the Senator from Wyoming was standing seeking recognition prior to the Riegel amendment. The Senator from Wyoming has been standing seeking recognition alone on the floor since that roll call began.

I realize the occupant of the chair was not there at the time that the Riegle amendment began, but I must say I think it is the obligation to look around the floor and see who is standing seeking recognition. I think the rule says that those who are standing first and seeking recognition are entitled to that.

I will not assert that right, right now, because my colleague has the floor, but I must say that I alone was standing on this floor from the beginning of the previous roll call and during which time the chair was occupied by the Presiding Officer.

The PRESIDING OFFICER. The Chair recognized the Senator from Wisconsin, because in the opinion of the Chair it was the Senator from Wisconsin who sought recognition, not just standing there, but who actually sought recognition first. So the Chair recognizes the Senator from Wisconsin.

Mr. KASTEN addressed the Chair.

Mr. WALLOP. The Senator from Wyoming respectfully objects to the characterization of the occupant of the chair. The occupant of the chair to this Senator's perfect view saw me standing seeking recognition prior to that. I will again not object, but my suggestion is that in fairness the rules of the Senate ought to be followed, and those who seek recognition first will be recognized in that order.

The PRESIDING OFFICER. The opinion of the Chair is the Senator sought recognition first. The Senator from Wisconsin is so recognized.

Mr. KASTEN. Mr. President, I am offering this amendment on behalf of Senators LEAHY, BYRD, BOREN, DOMENICI, NICKLES, BOND, and others, who are working with me in trying to demand that the Agency for International Development agree to the Buy America provisions which are already part of the law, but which they have found ways of working their way around.

The legislation that we are proposing would require the Agency for International Development to give preference as is presently in the law to U.S.-generated goods and services and AID procurement.

We can no longer tolerate the loopholes that have ripped the life out of existing Buy America policies. Some of the loopholes, frankly, are big enough to drive a foreign-manufactured truck through, and I think it is time we put a end to the lax Buy America provisions.

Mr. President, this amendment that would make some truly necessary changes in U.S. foreign aid policy.

Four weeks ago—on June 4—I addressed the Senate on the problem of U.S. foreign aid subsidies to foreign corporations. It had come to my attention that taxpayer dollars were subsidizing the purchase of Toyotas and Mercedes-Benzes as part of our foreign aid program.

This is an outrage. I have alerted Secretary of State Baker about the great urgency of this problem—and today Senator LEAHY and I are proposing a legislative remedy to what amounts to a costly and unacceptable subsidy of foreign companies.

To reiterate, the legislation we are proposing would require the U.S. Agency for International Development (AID) to give preference to U.S.-generated goods and services in AID procurement.

We can no longer tolerate the loopholes that have ripped the life out of the existing Buy American policy.

Some of the loopholes are, indeed, big enough to drive a foreign-manufactured truck through.

Current law allows the numerous field representatives of AID to approve exceptions to the Buy American policy, and they do not even have to report the exceptions to AID headquarters. Under the current system, we have absolutely no way of knowing how many waivers are being granted in the field.

Under this amendment, exceptions will only be made by eight AID officials—officials with the rank of Assistant Administrator or above, located here in Washington, DC.

As part of our aid package to Africa, we have given field officials some flexibility in their past procurement decisions. This flexibility has been abused to the breaking point—and it's time to take it away.

This amendment will permit procurement of foreign goods only if the market price of the goods is less than 50 percent that of the comparable U.S. goods. Note carefully that I say market price. We cannot allow foreign corporations to dump merchandise below cost, and expect U.S. taxpayers to pay the tab.

Current law permits the waiver of the Buy American requirement for motor vehicles when special circumstances permit. Today, these special circumstances have been institutionalized to such an extent that the original intent of the law is being flouted. In the legislation we are offering, this special circumstances exception is repealed.

In its place, we provide an exception in only two narrowly defined circumstances—cases of genuine emergency, and cases in which fewer than six vehicles are being bought. And lest the AID officials decide to avoid this new law by not buying vehicles at all, we have included an explicit provision disapproving this practice. We want AID to buy as many vehicles as it needs—but we insist that these be American vehicles.

Mr. President, the most notorious examples of taxpayer subsidy of foreign corporations involve motor vehicles. But make no mistake—this issue involves much more than cars and trucks. It involves every single U.S. product that is discriminated against in foreign aid procurement.

We need to root out this discrimination. And that's why an important part of the legislation we are presenting is the creation of a Buy America advocate within AID.

Buy American is a good idea which has failed in the past because it has been insufficient institutional backing.

The Buy America advocate should be a career Senior Foreign Service officer directly responsible to the Administrator of AID. The advocate will have authority to review and approve all documentation dealing with AID procurement—and have full access to all information provided under the Buy American reporting system. We can have this advocate without an increase in AID personnel by shifting existing slots to this activity.

It's time for a new offensive for the Buy American policy. We need to make this policy work. And the legislation we are proposing today would help us accomplish this goal—by creating an effective, enforceable Buy American requirement for U.S. foreign aid spending.

Americans are the most generous people in the world. We rebuilt Europe. We rebuilt Japan. And we are helping rebuild Russia and other troubled nations.

But we have important work to do at home—and we will not tolerate being ripped off for the benefit of foreign corporations. That is what this amendment is all about.

BUY AMERICA AMENDMENT

Mr. LEAHY. Mr. President, I am pleased to join my good friend and colleague, the distinguished ranking minority member of the Foreign Operations Subcommittee, in offering this amendment to close loopholes in the Buy America legislation. This amendment will strengthen Buy America requirements in our foreign aid program, and stop a decade of evasion of Buy America by the Agency for International Development.

The distinguished Senator from Wisconsin has been a leader in the Foreign Operations Subcommittee in uncovering a pattern of behavior in AID over the years which has virtually made a joke of the Buy America policy. Buy America is an effort to make our foreign aid program serve American economic interests while it helps development abroad.

The problem arises, Mr. President, from attempts by Congress over the years to give flexibility to the Administrator of AID in the application of Buy America requirements. Recognizing that there will be special circumstances where it is more effective and efficient to procure foreign goods and services than American, Congress has given the Administrator broad authority to waive the Buy America requirements.

We assumed that administrators would use this authority in good faith, recognizing that Congress strongly supports a vigorous Buy America policy in foreign aid, but is willing to allow reasonable discretion to waive it in special circumstances.

But what has happened? The Administrator has delegated his waiver authority to AID missions abroad. The special circumstances which were to be the basis for occasional waivers have become the norm. Mission directors routinely waive Buy America simply for convenience. The Buy America policy of U.S. foreign aid has, to be blunt, become a joke.

At one time, AID claimed over 70 percent of our economic aid went to purchase U.S. goods and services as part of our foreign aid programs. Pressed by the Senator from Wisconsin in subcommittee hearings over the last 2 years, AID now reluctantly concedes that not more than 30 percent of our aid is used to buy American products for use in foreign aid projects. And, that number is suspect. It could be even less than a third.

The truth is, Mr. President, with its poor recordkeeping, weak financial accounting systems, and diffused management, AID really does not know how much of its annual $7 billion foreign aid appropriation actually goes to buy American products. The 30-percent figure is only a guess.

Mr. President, our competitors, the Japanese and the Europeans and others are cleaning our clock. They use their foreign aid programs to penetrate markets, establish their goods and services, and to build long-term economic relationships.

That is what our aid program should also be doing. Our money should be helping us at the same time as we are trying to help others. That is what Buy America is all about.

In other statements on the Senate floor, my friend from Wisconsin has detailed some horror stories about AID missions abroad waiving Buy America requirements to purchase Japanese vehicles. What this reflects is a mindset at AID that puts the interests of American producers in second or third place in their purchasing decisions. AID has no incentive to go out and find American vendors. It has no proactive policy of alerting American businesses to potential opportunities in aid projects. The result is loss of sales abroad and jobs at home.

The amendment Senator KASTEN and I are offering today will reverse this mindset at AID about Buy America. This amendment requires that any waivers of Buy America provisions must be done in Washington by senior officials of AID, not in the field by mission directors. Further, it requires that AID must buy American goods and services for its foreign aid projects unless the market price of foreign products is less than 50 percent of equivalent U.S. products. It will repeal the special circumstances flexibility previously provided to AID in the purchase of vehicles, since the Agency has made a joke of this authority. Under this provision, Buy America can be waived only if there is an emergency situation where foreign procurement is the only way to respond in a timely manner, and less than six vehicles are involved.

Finally, Mr. President, the legislation will create a Buy America advocate within AID whose whole purpose in life will be to overturn the present mindset of Agency employees that

American economic interests come second. The job of the Buy America advocate will be to turn the behavior of AID around when it comes to giving preference to American products. In other words, he or she will enforce the Buy America policy.

Mr. President, this legislation is a step toward what I believe will be a much stronger role for American foreign aid in the future—that of advancing our own commercial and economic interests at the same time as we are trying to help development overseas.

I urge all Senators to support this amendment and vote for making our foreign aid work for Americans as well as for those in need abroad.

Mr. KASTEN. Mr. President, I understand this amendment has been reviewed by the managers of the bill.

Mr. LUGAR. Mr. President, I simply want to say that we support the amendment and are prepared to accept it on this side.

The PRESIDING OFFICER. Is there further debate on the Kasten amendment? If not, the question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment (No. 2712) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. WALLOP addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

AMENDMENT NO. 2713

(Purpose: To provide for improved safety of Soviet-designed nuclear power plants to enhance the operational safety and reduce the risk of a nuclear accident)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Wyoming [Mr. WALLOP], for himself, Mr. DOMENICI, Mr. SIMPSON, Mr. JOHNSTON, Mr. NUNN, and Mr. PRESSLER, proposes an amendment numbered 2713.

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

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

The amendment is as follows:

On page 30, insert after section 7, the following new section and renumber subsequent sections accordingly:

SEC. 8. SOVIET-DESIGNED NUCLEAR POWER PLANT SAFETY PROGRAM

(a) IN GENERAL.—The President, in consultation with the Secretary of Energy, the Secretary of State and the Chairman of the Nuclear Regulatory Commission, shall designate an agency of the Executive Branch to develop and implement a limited, phased program to enhance the near-term safety of Soviet-designed nuclear power plants. Funds authorized to be appropriated by this Act may be used for this program. The program established in this section shall be integrated with similar efforts undertaken in cooperation with other industrialized countries and international organizations, including the International Atomic Energy Agency. In implementing the program, the Secretary of Energy shall utilize U.S. industry expertise where appropriate.

(b) PROGRAM PRIORITIES.—In implementing any program under the authority of this section the Secretary shall establish priorities for the implementation of safety upgrades based on the greatest incremental increase in reactor safety relative to the amount of funds expended.

(c) SAFETY UPGRADES.—Safety upgrades shall be consistent with the provisions of subsection (a) and may include, but are not limited to, plant improvements and modifications to reduce risk, training of personnel, and development and implementation of an effective independent regulatory organization.

(d) FUNDING.—The President is encouraged to establish an interagency group including the Department of the Treasury, the Department of Commerce, the Department of Energy and the Export-Import Bank, to coordinate United States and multilateral funding and financing mechanisms for the program established by this section.

(e) RECOMMENDATION.—The Secretary of State shall provide Congress with appropriate rcommendations for revisions to United States export and trade statutes to expedite implemenation of the program established in this section and related programs.

Mr. WALLOP. Mr. President, I shall not take long. But basically, the purpose and thrust of this amendment is to recognize the testimony in front of ourselves and in front of the Environment and Pulic Works Committee that despite our wishes about the nuclear reactors in the former Soviet Union, and their several new Republics, that his requirement—Mr. President, could we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senators will please take their seats and please cease audible conversations on the floor.

Staff will also please cease audible conversation on the Senate floor.

The Senator from Wyoming.

Mr. WALLOP. Mr. President, I thank the Chair.

I will try to conclude this. I know the hour is late. But the simple argument that was made to us by members of the International Atomic Energy Agency, by the Nuclear Regulatory Commission, by WANO and by others who have studied this, that was the quickest way to enhance safety in Soviet reactors is to engage in the training of personnel in certain safety procedures about which they know nothing.

They have not the training, and they have not very simple things like locks on doors, and redundant systems, and other kinds of things. We might wish that they did not have the old reactors. We might wish that they were able to shut them down immediately. We cannot expect that wish to be fulfilled, Mr. President, for the simple reason that as they try to emerge into a new and more modern economy, the critical element is the supply of electrical energy, and they have no other means, nor will they have for some time, of providing that.

This amendment on behalf of the bipartisan Senators who have agreed to cosponsor it simply says that our purpose is to put the United States technical ability quickly into play in advising them and assisting them in immediate safety in the existing reactors.

Training of personnel, we were told, Mr. President, is the very quickest and the very most efficient means by which safety can be enhanced. And we were also told by WANO and others that the last thing that they needed was another study. They do not need any more studies. They know and we know what is wrong. They do not know how to right it. This amendment seeks to do that. That is why it has the support of Senator JOHNSTON, Senator SIMPSON, Senator NUNN, Senator DOMENICI, Senator PRESSLER, and others.

Mr. President, over the past several years, much concern has been raised about the safety of the nuclear power plants in the states of the former Soviet Union and Eastern Europe. There is little dispute that some of these plants will never be brought to a level of safety that would satisfy Western standards. The RBMK's, the type that exist at Chernobyl, should eventually be closed. The earlier model VVER's, as well, have such serious design flaws that closure might be the preferred option over investing the large amounts of money that could be required to bring them to a level of safety that even begins to approach Western standards.

But the reality of the situation is that these reactors are not, indeed cannot, be closed any time in the near future. The nascent states of the former Soviet Union and Eastern Europe are totally dependent on these reactors for electricity generation. This, Mr. President, is the crucial energy form for the development of a market-oriented economy. The consequences of inadequate electricity supplies are far more serious in developing countries than any brownout or blackout we might experience. Coupled with inadequate food supplies and untold economic problems, lack of electricity during the severe winters in these countries can only cause disillusionment with this new thing called democracy.

These states simply cannot close their nuclear power plants at the same time that they are struggling to nurture their emerging democracies. The decisions on options for future electricity generation are theirs, but they cannot be expected to make them in the present climate. The best we can do in the short term is offer assistance to increase the safety of these plants to reduce the risk of a serious accident.

Earlier this month, the Energy and Natural Resources Committee held a hearing on these issues. There was consensus among the witnesses that a number of safety measures have been identified that can be implemented quickly and without enormous costs. These steps would significantly improve the operational safety of these reactors.

The amendment I am offering today is intended to promote the prompt implementation of those safety upgrades. It is essential that we move as quickly as possible to get action on this program. The studies have been done, the nuclear power experts know what can be done and what to do. We must not get bogged down in doing further studies on what can be done in the short term. While additional analysis may be needed to make long-term policy decisions about future electricity generation options for these countries, we simply cannot ignore the immediate necessity to make these plants safer because they will continue to operate, at least for the foreseeable future.

Mr. President, I understand that the two managers will accept this.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wyoming yield the floor?

Mr. WALLOP. I yield.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, there are 57 Soviet-designed nuclear power plants now operating in the former Soviet Union and Eastern Europe. There are an additional 29 under construction.

Even though these plants are no where near Western safety standards in their design and operation, they will continue to be operated because the emerging states of the former Soviet Union are desperately in need of the power they provide.

As we learned in hearings before the Energy and Natural Resources Committee, reactors of the more dangerous designs, like the RBMK that produced the Chernobyl accident and the older model VVER's, should ultimately be closed down. But that is a practical impossibility for these countries in the near future.

Nuclear power plants provide over 51 percent of the electricity in Hungary, 45 percent in Lithuania, 28 percent in the Czech and Slovak Federal Republic, 25 percent in the Ukraine, 12 percent in Russia.

Developing alternative sources to replace these plants could take 5 to 10 years and cost $1 billion or more for each plant replaced.

There are almost no opportunities to replace the power with generation from other existing sources.

The worst of the reactor types, the RBMK's, have significant design that cannot be corrected. However, there are improvements that can be made at reasonable cost to reduce the risk of an accident.

The limited confinement at these plants can be improved through filtered venting and reduced leakage; basic fire detection capabilities can be provided; and automatic reactor trips can be installed to high risk failure modes.

Similar limited improvements that would greatly enhance safety of operation could be installed as well at the VVER 230's, a reactor type that rivals the RBMK in its safety defects.

Numerous efforts by Federal agencies and international organizations are ongoing to determine what course of action should be followed to remedy this problem. However, there is little coordination among these efforts and no consensus about the long-term solution to this issue.

Even though the G–7 will very likely address this issue at the Munich summit, it could be years before actual improvements are initiated at the plants.

The amendment I am cosponsoring would provide immediate assistance to increase the safety of these plants by directing safety improvements that can be made quickly and at little cost while decisions are being made about more extensive safety upgrades.

Cost for these short-term upgrades would be roughly $1 million per plant. The other longer term solutions G–7 is trying to develop could cost as much as $10 billion.

Until these emerging states are capable of developing a long-term plan for power generation, we need to assist them in increasing the safety of these plants. To refrain from doing so is neither in their interests nor ours.

Mr. President, I think this is a very prudent amendment. What it really says is that while other countries are working with the former Soviet Union to try to help them figure out the long-term situation with reference to their nuclear power plants, the United States will join in some technical assistance and training which the experts say is most needed. That will at least minimize, to the extent humanly possible, another Chernobyl.

Passage of this amendment does not mean another disaster will not happen, but clearly we ought to be doing something to minimize the chances. That is what the implementation of this amendment will do.

I am pleased to be a cosponsor, and hope we will adopt the amendment.

Mr. LUGAR addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. LUGAR. We are very pleased to support the amendment on this side. We accept the amendment.

Mr. PELL. We are equally pleased to support the amendment and urge its approval.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, would the Senator from Wyoming yield?

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

Mr. GRAHAM. Would the Senator from Wyoming accept the floor for purposes of responding?

Mr. WALLOP. Mr. President, I would be happy to.

Mr. GRAHAM. As the Senator from Wyoming knows, throughout the day we have been working on various versions of this amendment, and it is my intention to offer shortly after this amendment what will be a section 9 to come immediately after this amendment. I would like to ask if the Senator from Wyoming would have objection to the adoption of the section 9 language that he has just reviewed?

Mr. WALLOP. Mr. President, may I say that I have no objection, but it would be my hope that during the conference the managers of the bill and others would take a look at what it is, because with the greatest respect for what it is the Senator from Florida is trying to do, it is my judgment that it will not accelerate safety, that it diffuses the financial effort, which is minimal enough as all of us know in this bill, in trying to reach the maximum level of safety in the shortest period of time.

I understand what the Senator is trying to do. I will not object when he raises that issue. But it is my hope that the managers will try to find the means by which the financial effort of the United States as well as the technological effort of the United States is maximized in the shortest period of time.

We do not have 20 years to try to reorganize the Russian policy. That will take place whether we are part of it or not. But what will not take place, unless we get there, is the training of personnel in safety and the improvements in engineering. And it takes the most simple acts of engineering to enhance safety, they are redundancy, locks on doors, and other, inexpensive kinds of things.

I say to my friend from Florida, I do not object, but I hope in conference we take a strong look at how we get the most safety bang for the nuclear buck. It is extremely important that it realize its potential at the earliest possible date.

Mr. GRAHAM. Mr. President, I do not object to the amendment that has been offered by the Senator from Wyoming. It is my hope that I will be recognized shortly to offer what will be a section to immediately follow the amendment of the Senator from Wyoming. At that time, I will discuss this matter further.

Mr. SIMPSON. Mr. President, I know the hour is late. I want to thank Senator WALLOP, my senior colleague, for his activity here, and my other colleagues who are cosponsoring this

amendment, Senators DOMENICI, JOHNSTON, NUNN, and PRESSLER.

This amendment seeks to enhance human health and the environment through technical assistance for environmentally sound policies and technologies in order to promote nuclear reactor safety of Soviet-designed reactors.

I am pleased to be a cosponsor.

Having served for 14 years on the Nuclear Regulation Subcommittee of the Environment and Public Works Committee, I am deeply concerned about the safe operation of nuclear plants in this country and around the world.

We learned first hand at Three Mile Island that we must be ever diligent and attentive to safety. A safety culture is necessary to protect the health and safety of our citizens and to protect the environment.

Radiation does not recognize national boundaries or political differences. We, therefore, must be concerned with the quality and operational safety of a nuclear reactor outside our country.

Since the dawn of the nuclear age, the former Soviet Union and their Warsaw Pact allies have pursued a diversified nuclear power program. Nearly 50 power generation plants are now in operation in two of the Republics—the Ukraine and Russia.

These reactors supply a significant portion of the electricity consumed in these regions—reportedly ranging from about 10 to 40 percent.

Virtually all of these plants are of two types: The Water cooled, graphite moderated RBMK and the pressurized, water cooled, and moderated VVER. The RBMK design, typified by the Chernobyl reactor, exists only in the Republics and Lithuania, and is unlike any power reactor in the West. It lacks the containment structure and redundant safety systems associated with Western reactors.

Improvements in the operational safety of operation of the RBMK's should receive a high priority, along with the upgrade of the oldest of the VVER's.

In recent months, Governments and industries in the West have proposed a variety of technical and administrative measures to assist these Republics in the safe operation of their nuclear powerplants.

One of the important goals of this bill is to help stabilize nuclear power programs in the Republics and to assure safe plant operation in the future. The United States has an excellent record of safe operation, and a world respected program of regulation by the Nuclear Regulatory Commission [NRC] and a utility-initiated commitment to excellence through the Institute of Nuclear Power Operators [INPO]. We can assist the Republics based on our own experience of safe operation.

The administration's initiatives in this area are to be applauded, yet greater coordination and additional steps to reap the full safety benefits from this assistance should be encouraged.

That is why I join with my fine friend and senior colleague Senator WALLOP and Senators DOMENICI, JOHNSTON, NUNN, and PRESSLER, to offer an amendment which would raise the priority of improving the safety of these reactors.

Our amendment would prioritize near-term United States nuclear safety assistance for enhanced safety of operation and reduce the risk of a nuclear accident of the type that occurred at Chernobyl in 1986.

When that accident occurred, the West had virtually no information on Soviet-designed reactors. We now have developed a good understanding of Soviet designs and have developed a very positive working relationship.

Our nuclear industry counterparts in the Republics are learning that we place the highest priorities on nuclear plant safety, the safety of the worker, the public, and the protection of the environment due in large part to our safety-in-depth designs. These incorporate a series of physical barriers to prevent releases of radioactive material in the event that safety systems fail.

Additionally, tremendous emphasis has been placed on developing an attitude and a commitment to safety first.

The amendment seeks to ferret out U.S. export and trade statutes which currently pose impediments to allowing such nuclear assistance to move forward.

Our export laws should now recognize that the Soviet Union is no more. Earlier laws and regulations which sought, appropriately, to control the flow of nuclear technologies to achieve nonproliferation goals, should now be scrutinized. Our amendment requests such an examination by the Secretary of State.

As international efforts to improve safety of Soviet-designed plants are underway, and we approve assistance to the Republics, I am sure that in a decade we will look back and see how much has been accomplished as a result of our efforts here today. I urge my colleagues to support this important bipartisan amendment.

Senator GRAHAM, my distinguished colleague from Florida, is the chairman of the subcommittee on which I sit, the Nuclear Regulation Subcommittee. We have fine staff that work hard, but I sometimes think that it would be best if we had a little more coordination. I will look forward to continuing to work with Senator GRAHAM in the future. As is the case in these negotiations, it just lops along and falls off the table and comes out in little bursts and squirts. I trust we can do better on that. I pledge to do better than that. It will save us all time and save us a great deal of questioning: What is this amendment, or what does it do?

The staff has been working diligently during the day, to reach a compromise on language that we all can agree to. I pledge to Senator GRAHAM to be available at any time, now and in the furture, to work with him on these nuclear issues, just as a ranking member should at all times.

Mr. WALLOP. Mr. President, I urge adoption of the amendment.

Mr. CHAFEE. Mr. President, I would like to ask the sponsor of the amendment a couple questions.

Do I understand that the Secretary of Energy is involved in this group? How does that exactly work?

Mr. WALLOP. The Secretary of Energy is involved in this group for the simple reason that the Secretary of Energy is the Cabinet-level head with regard to energy, including nuclear energy.

Mr. CHAFEE. Do I also understand that the Chairman of the Nuclear Regulatory Commission is in this group? Am I correct on that?

Mr. WALLOP. That is correct.

Mr. CHAFEE. What is the group meant to do, exactly?

Mr. WALLOP. To set up the program of training and safety enhancement at the earliest possible moment in those Soviet nuclear reactors, which all of us agree have safety problems.

Mr. CHAFEE. I am just curious, if you have the Chairman of the Nuclear Regulatory Commission—I am not objecting; I am just seeking information on this—what is the contribution that the Secretary of Energy would make to this?

Mr. WALLOP. I say again that the Secretary of Energy is in charge of all energy programs, including nuclear energy.

I have to say, Mr. President, that I sense what is coming is one of those ridiculous little turf battles that so cloud and complicate the life of the Senate and the country as we try to proceed. The Secretary of Energy is the energy authority of America, and he is responsible as well for safety, even including that which is provided by the Nuclear Regulatory Commission.

Mr. CHAFEE. You may be sensing a turf battle. I am not providing any turf battle. That may be what you sense. I am just curious about this amendment you proposed here. This is the first I have heard about it, and I am the ranking member of the Environment Committee which deals with these matters. I never saw this before, and that may be fine. But I am just curious, and I think I am entitled to find out a little bit about what is in the amendment.

I find it a curious one that you have the chairman of the Nuclear Regulatory Commission on the group, and its seems to me if you were interested in nuclear safety, that is the person you would turn to.

But the amendment goes further than that.

Who else do you have in there beside the Secretary of Energy?

Mr. WALLOP. The Secretary of State, at the request of the Secretary of State, in another one of these little turf battles.

I say to my friend from Rhode Island, as distracted as he may seem to be by all of this, that both the Department of Energy and the Chairman of the Nuclear Regulatory Commission agreed with the direction and thrust of this amendment.

Mr. CHAFEE. That is nice to hear. That is one of the reasons I got up. I am informed.

I thank the Chair.

The PRESIDING OFFICER. Is there further debate on the amendment?

The question is on agreeing to the amendment of the Senator from Wyoming.

The amendment (No. 2713) was agreed to.

Mr. WALLOP. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2714

(Purpose: To provide for comprehensive planning and participation in international efforts to improve nuclear power plant safety)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for himself, Mr. BIDEN, Mr. LIEBERMAN, and Mr. WIRTH, proposes an amendment numbered 2714.

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

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

The amendment is as follows:

On page 35, insert after line 19 the following new section and renumber the subsequent sections accordingly:

NUCLEAR SAFETY ASSISTANCE PROGRAM

"SEC. 9.—In addition to the program authorized in section 8, the Secretary of State, in consultation with the Secretary of Energy and the Nuclear Regulatory Commission, is authorized and encouraged to develop a program to provide for participation by the United States in international efforts including—

"(a) Implementing short-term measures to improve nuclear power plant operational safety, including the training of power plant personnel, implementation of improved procedures for nuclear power plant operation, the development of effective and independent regulatory authorities, and cost-effective hardware upgrades;

"(b) Developing and providing recommendations, in consultation with the affected states, for medium-term measures to assist in the development of comprehensive and market-based programs for cost-efficient supplies of electricity, including programs to improve the planning of energy supply and demand, to increase the efficiency of existing and future energy supplies and uses, to improve the management of demand, to develop market-based energy pricing, and to identify energy alternatives that will increase to shut down the nuclear power plants for which safety improvements would not be cost-effective beyond the short-term; and

"(c) Developing and providing recommendations, in consultation with the affected states, for long-term measures for the development of safe and cost-effective supplies of electricity."

Mr. GRAHAM. Mr. President, what we have with the amendment just adopted and the one I have submitted is a phased approach to the United States' role in dealing not with nuclear plants in the Soviet Union, but nuclear plants which were designed by Soviet engineers and manufactured at Soviet plants.

In fact, Mr. President, the amendment that we have offered is particularly directed at those Soviet-designed plants which are outside the Soviet Union—in Central and Eastern Europe and in Cuba—and which represent the greatest immediate threat to Western European and United States interests.

I will read, if I could, Mr. president, from a statement made by Mr. Ivan Selin, who has just been referred to on June 16 of this year, before the Committee on Energy and Natural Resources of the Senate. Mr. Selin stated under the category "An Action Plan to Approve Nuclear Reactor Safety."

He said: "There is growing international consensus that the remaining 15 RBMK's and 10 VVER 440/230's"—as an aside, those are two categories of Soviet designed nuclear plants—"should not be operated any longer than absolutely necessary."

It goes on to say,

While Western countries are not in a position to demand shutdown of the worst plants, we can, through negotiation for alternative energy sources and conservation, seek agreement with the states of the former Soviet Union and other Eastern European countries on limiting the remaining lifetime of these plants.

(Mr. ROBB assumed the chair.)

Mr. GRAHAM. Mr. President, that is the statement made by the Chairman of the Nuclear Regulatory Commission. It is to that concern that the thrust of my amendment is directed. And, Mr. President, I ask unanimous consent to submit for the RECORD other statements which are consistent with the statement that I have just read relative to the urgency of shutdown of a number of Soviet-designed plants.

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

U.S. GOVERNMENT AND INTERNATIONAL AGENCY POSITIONS—UNANIMOUS SUPPORT FOR COMPREHENSIVE LONG-TERM PLANNING FOR NUCLEAR ASSISTANCE TO UPGRADE SOVIET-DESIGNED REACTORS

I. TESTIMONY, SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES, JUNE 16, 1992

Statements of:

Ivan Selin, Chairman, U.S. Nuclear Regulatory Commission.

William H. Young, Assistant Secretary for Nuclear Energy, U.S. Department of Energy.

Robert Galluci, Senior Coordinator, Office of Deputy Secretary, U.S. Department of State.

Dr. Morris Rosen, Assistant Deputy Director General, Director of the Division of Nuclear Safety, International Atomic Energy Agency.

II. SENATE COMMITTEE ON FOREIGN RELATIONS

Report on Russian Aid Bill.

III. IEA REPORT ON SOVIET-DESIGNED VVER-230 REACTORS

IV. NEWSPAPER ARTICLES

Washington Post Article on U.S. Position at G–7.

Maurice Strong Editorial.

IVAN SELIN, CHAIRMAN, U.S. NUCLEAR REGULATORY COMMISSION

A general susceptibility of systems which are important to safety to common-cause failures.

Inadequate built-in fire protection.

An action plan to improve nuclear reactor safety

There is a growing international consensus that the remaining 15 RBMKs and 10 VVER 440/230s should not be operated any longer than absolutely necessary, and that the better-designed plants (17 VVER 1000s and 14 VVER 440/213s) should be upgraded to achieve an acceptable level of safety. In addition, 21–25 reactors under construction could be completed if economic conditions permit: 17 VVER 1000s in Russia and Ukraine, two each in Bulgaria and the CSFR, and perhaps four smaller VVER 440/213s in the CSFR. While Western countries are not in a position to demand shutdown of the worst plants, we can, through negotiations for alternative energy sources and conservation, seek agreement with the states of the FSU and other Eastern European countries on limiting the remaining lifetime of these plants. The ultimate responsibility for the safety of these plants rests with these republics and the operating organizations.

Specific steps to improve safety in the short, medium, and long term

Beyond shutting down the unsafe nuclear plants, further analysis of the energy supply and demand picture in the FSU can provide additional insight on strategies for reducing safety risks. I believe the basic steps that can enhance nuclear safety may be divided into short, intermediate and long-term actions, which should go hand-in-hand with our support for economic development.

In the short term we should seek to help the states involved improve operational safety through such means as training and use of improved procedures for dealing with abnormal situations at nuclear plants; help to develop and implement effective and independent regulatory authorities that will ensure that power production is not at the expense of safety; and undertake key interim actions to reduce the risk of accidents in the RBMKs and VVER 440/230s for several years, after which operations would be discontinued.

In the medium term we should help them determine energy requirements and the fea-

sibility of reducing energy demand, and help to identify energy alternatives that will increase their incentives to shut down the RBMKs and VVER 440/230s. This effort will involve studies to determine energy supply and demand projections, and programs to improve supply efficiency and demand management, as well as energy pricing and regulation. This information should be used to work with them to improve their overall energy system, including replacement power that will be needed to allow the shut down of these plants. Remember it is their responsibility to operate their plants safely and to develop their own energy plans—however, the West can help.

In the long term they need assistance, through emphasis on economic stability and market-based energy pricing, to upgrade and/or complete the better plants, the VVER 1000s and 440/213s. Price reforms will be crucial to encourage conservation and to facilitate funding of improved plant operations and repayment of loans for safety enhancements and replacement power. Known safety problems that have a significant impact on safety and are amenable to effective interim corrective actions should be addressed in the near term to reduce the risk from these plants while the mid-term and long-term upgrade programs proceed.

During my trip to Eastern Europe and the former Soviet Union in the Fall of 1991, I had the opportunity to visit the Loviisa nuclear power plant in Finland, which, as you may know, consists basically of Soviet VVER 440/213s constructed and upgraded to meet Western safety standards. In terms of both safety and productivity, Loviisa is one of the best plants in the world, with capacity factors above 85%. What are the lessons we can draw from the Finnish example? I believe there are three:

With upgraded (Western) safety systems and operating standards, Soviet-designed reactors of the 3rd generation are not intrinsically inferior to plants in the West. In fact, this design is particularly forgiving when problems develop, as well as easy to run.

* * * the highest priority of NEA should be ensuring the establishment of effective governmental nuclear regulatory authorities in the Eastern European countries.

During the senior regulators' meeting and later at the IAEA General Conference in Vienna, I tried to emphasize the point that taking a stronger role in the former Soviet Union and in Eastern Europe means much more than coordinating technical assistance. The program should be like a modern International Monetary Fund (IMF) program—a little immediate humanitarian assistance, plus short and long-term aid conditioned on fundamental reforms.

Assistance to these countries must be coupled with a commitment on their part to realistic policies in pricing energy, establishing autonomous power production operations, actively pursuing alternative energy sources, and implementing strong independent regulatory structures.

Elaborating on these points, I firmly believe, whether discussing domestic or foreign nuclear power, that programs without solid and predictable cash flows are a considerable concern. Maintenance, repairs, and capital reinvestments are essential ingredients for nuclear safety and adequate cash is the foundation for these improvements. Also, in the FSU there appears to be no autonomy for nuclear operating units. The disintegration of the central Soviet state gives rise to serious questions concerning command and control, and the maintenance of technical competence. The substantial ambiguity regarding responsibility for nuclear safety must be addressed and resolved at the individual plant sites. Finally, I found that there was no sensible national energy planning. If countries are going to have a nuclear power program, they must be willing to make a full financial commitment, and they must have a good regulatory system in place. Nuclear power requires technical sophistication and the resources to operate plants safely.

As an example of these problems I noted, after my first visit abroad as Chairmen of the NRC, that the Kozloduy plant in Bulgaria, which includes six reactors, four from the first generation and two from the third generation of Soviet pressurized water reactor technology, demonstrated several related problems:

(1) There were not enough trained personnel to run more than half the reactors, and pay was insufficient to retain those who were there;

(2) The enterprise did not have the income or the autonomy to adjust pay and living conditions to meet the labor competition;

(3) The price for electricity was so low that there was no incentive to conserve and not enough cash flow to support proper maintenance, let alone needed capital improvements;

(4) The government had neither the will nor the power to raise prices and take other steps to reduce the country's great dependence on electricity generated at Kozloduy.

Add to all this the fact that the technology of the first four reactors, especially the two oldest, is intrinsically unsafe, and they have a very serious safety problem.

As a result of the low pay structure dictated by the central government, Bulgaria has been plagued with an inability to retain its skilled plant operators, shift supervisors and key management personnel. There is a serious problem when a cab driver in a city earns more than a nuclear plant operator. The organization running the nuclear power plants has neither the autonomy nor the authority to increase salaries or to provide other incentives necessary to retain these key people.

In response to such concerns, Bulgaria did give the operators a substantial pay bonus, which has helped stem the exodus of skilled personnel. Nevertheless, a one-time pay raise is not an adequate compensation policy in the face of stiff inflation. Safety risks could increase unless the government authorities make fundamental changes and give the plants the freedom to take those steps necessary to retain key people. In the absence of such changes, a major program of safety assistance to Bulgaria would, in my view be ineffective.

Similarly, in the former Soviet Union, while there has been some recent progress, electricity prices have been consistently set far below the cost of power generation. The net result is an absence of adequate financial resources for plant maintenance, improvements, and safety enhancements and, even worse, no incentive for energy conservation. Construction practices are * * *.

WILLIAM H. YOUNG, ASSISTANT SECRETARY FOR NUCLEAR ENERGY, U.S. DEPARTMENT OF ENERGY

Initiatives

The countries operating Soviet-designed reactors face a number of obstacles to resolve nuclear safety problems in a timely manner. The plants are critical to energy supplies in a number of regions; there are insufficient resources to make improvements; and there is a lack of agreement with Western safety expectations. As a result, a concerted international effort is needed if the improvement in nuclear safety is to be achieved.

Most Western nations would prefer to see the RBMKs and VVER 440, Model 230s shut down in the near term. Unfortunately, because of the perceived electric demand, it does not appear that the countries operating these types of reactors will uniformly agree to do so. Developing specific strategies to obtain agreement on shutdown of these plants can best be accomplished through an understanding of the specific energy demand and supply conditions in each country. Western assistance will also be needed to improve conservation and efficiency and to help provide suitable replacement power where needed.

The overall effort to achieve a positive safety culture and an acceptable level of safety in the countries operating Soviet-designed reactors will be costly and take many years. Price reforms will be crucial to encourage conservation and to facilitate funding of improved plant operations and repayment of loans for safety enhancements and replacement power. Funds from the recipient countries should be used to the maximum extent possible. A coordinated, cooperative approach involving these countries and Western nations and their industries is needed. Bilateral assistance, private sector expertise, and commercial financing may also be needed.

We have been discussing with other G–7 countries possible actions to enhance nuclear safety in the Newly Independent States (NIS) in both the near and longer term. These include: additional operational safety improvements; development and implementation of effective, independent regulatory authorities; limited modifications to reduce the risks from continued operation of the RBMKs and VVER 440, Model 230s; determining the feasibility and need for demand reduction and alternative electric supplies to permit early shutdown of these two models; and assessing the need for upgrade of the better plants, the VVER 1000s and VVER 440, Model 213s.

On May 23, 1992, at the Lisbon Conference, the U.S. announced a $25 million program of safety assistance to the NIS, focusing on the first three steps of the five-point program just noted. Today I would like to focus on the near-term steps; I understand that Chairman Selin will address the regulatory elements.

Operational safety improvements

The overall program would build upon the DOE operational safety initiative in the following ways. First, the initiative would be expanded to provide assistance in: Operational safety enhancements through: Improvement of emergency operating instructions and * * *

* * * committed $100,000 to begin the transition of scientists and engineers from the FSU weapons program to activities to enhance the expertise available to FSU reactor plant managers and thereby improve near-term operational safety of the facilities.

Conclusion

The fundamental conclusion of our earlier analyses, that an improvement in the Soviet-designed nuclear powerplants is urgently required, in particular for the VVER 440, Model 230, and RBMK reactors, has not changed. Our attention should focus on determining the feasibility of electric power demand reduction and alternatives that would enable a decision by the countries con-

cerned to not operate these plants any longer than absolutely necessary. At the same time, we should be taking near-term key steps to reduce the risks of their continued operation. The other steps I have outlined address actions that we, the international community, and the countries operating Soviet-designed reactors can take together to enhance the safety of those reactors that remain in operation.

ROBERT GALLUCI, SENIOR COORDINATOR, OFFICE OF DEPUTY SECRETARY, U.S. DEPARTMENT OF STATE

We are also counting on sufficient economic progress in this time period to enable these states, perhaps through commercial loans, to take on the task of completing reactor safety training and plant improvements.

One of the other two elements of our Lisbon Nuclear Safety Initiative involves provision of safety-related equipment and technology to address, over the short term, some of the more critical safety problems at these reactors. These measures include improvement of reactor plant confinement performance for severe accidents, development of methods to prevent uncontrolled hydrogen explosions, installation of dedicated emergency diesel and feedwater pumps such as are required for U.S. plants, improvements of basic fire protection capability. We are aware of some Western European efforts to address these problems, but believe U.S. equipment and technology should be brought to bear as well. Any further legislative restrictions on U.S. nuclear exports could further complicate our ability to provide nuclear safety assistance.

The final element of the Lisbon Initiative involves provision of additional regulatory assistance. NRC's services are greatly in demand in these countries. However, NRC is limited in what it can afford to do. As a result, we plan to provide NRC with funding to support further and broader dissemination of its advice and experts.

I would also like to note the International Science and Technology Centers to be based in Moscow and Kiev will support basic and applied research and technology development in nuclear reactor safety. The U.S. has already proposed projects to both Russia and Ukraine. These projects would begin the process to retrain Soviet weapons scientists and engineers for use in supplementing staff at their nuclear power reactors. Staffing at the reactors has tended to be small, thus managers cannot afford to rotate personnel, especially for training, at the frequency we regard as necessary for an effective professional staff.

Simultaneously with provision of U.S. nuclear safety assistance, USAID will be conducting an energy efficiency assistance program. Under the planned effort, USAID, in conjunction with the World Bank and the IEA, will begin to examine the energy supply and demand situation in the FSU. USAID plans to focus on: coal, gas, oil, and electricity production and delivery; energy pricing and policy and institutional reform; and energy efficiency and environmental improvement in electric power, refineries, industries and buildings. It is anticipated that these activities will result in information to help us determine what opportunities are available for shutting down and/or replacing reactors with alternative power sources.

These countries are clearly undergoing demand reductions in their industrial sections, and over time, we hope to decrease demand further through introduction of more energy efficient U.S. technology and through USAID programs which help to create the energy regulatory infrastructure needed to develop realistic energy pricing. However, these assistance efforts will take time to show their effect, and in the meanwhile, there will be significant uncertainty regarding the energy situation in the FSU.

Coordination of international assistance

Reactor safety assistance is currently being provided to the former Soviet Union and Eastern Europe by numerous western countries including the European Community and its member states, Japan, Finland, Sweden and Canada, as well as the United States. Additionally, several international organizations are contributing to assistance efforts—the IAEA, Nuclear Energy Agency of the OECD, and the World Association of Nuclear Operator (WANO). The need to coordinate these and other types of assistance efforts was recognized in 1989. At the 1989 G–7 Economic Summit, the U.S. proposed that overall assistance to Central and Eastern Europe should be coordinated by a new G–24 mechanism consisting of the OECD member states, and that the European Commission should act as the Secretariat of this G–24 coordination. The group encompasses all the aforementioned donor countries and international organizations, as well as the World Bank, EBRD, and the European Investment Bank. The G–7 endorsed this proposal and the G–24 was set up. In late 1991, the Baltics were added to the G–24 agenda.

In 1990, the U.S. suggested to the international nuclear community that the G–24 take on the task of coordinating nuclear safety assistance to Eastern Europe. A special working group was established devoted to nuclear safety, chaired by the European Commission Directorate responsible for Environment, Nuclear Safety and Civil Protection. The G–24 nuclear safety group has met four times since late 1990, including most recently in February 1992. In February, the recipient states were invited to present their views on assistance programs and on the priorities for assistance. The exchange proved very * * *.

MORRIS ROSEN, ASSISTANT DEPUTY DIRECTOR GENERAL, DIRECTOR OF THE DIVISION OF NUCLEAR SAFETY, INTERNATIONAL ATOMIC ENERGY AGENCY

The problem

When nuclear power plants fail to meet commonly accepted international safety standards there may seem to be a very simple solution—shut them down as soon as possible. But, when we talk about Eastern Europe, this simple solution is not really realistic. The current energy supply and demand picture allows little scope for closing nuclear plants permanently or even temporarily. A realistic approach must deal with urgent near term improvements to reduce the safety risks pending a feasible long term solution. This long term solution could involve some alternative supply of energy along with the upgrading and major reconstruction of the better nuclear plants.

The dependence of East European countries on nuclear electricity is considerable. In 1991 the nuclear share of electricity production was 51% in Hungary, 45% in Lithuania, 35% in Bulgaria, 28% in Czechoslovakia, 25% in the Ukraine, and 12% in Russia. This nuclear electricity stems solely from reactors designed in the former USSR which are of two types: pressurized-water reactors known as VVERs, and graphite-moderated reactors of the Chernobyl type known as RBMKs. There are currently 42 operational VVERs and 15 RBMKs.

Safety problems of Soviet supplied nuclear systems include deficiencies not only in design and operation, but also in the quality of manufacture and construction. Some Governments have already decided to shut down operating units, but in view of extraordinary energy shortages the remainder will likely continue to be used at least for some years. Upgrades are underway and plans exist for major reconstructions which could permit long term operation. Whatever the decision, whether to permanently shut down or to continue operation over the long-term, decisive assistance on a huge scale will be needed.

The cost of improving safety

Effectively managing such massive assistance will require a coherent strategy to foster an effective use of available resources. A look at the nature of the safety deficiencies and the financial costs involved make it self-evident that a strong co-ordinated international approach is needed to prevent inefficient and chaotic ad-hoc efforts.

Of the 42 VVERs currently in operation, it is the 10 first generation 440 MW units which have the most serious design deficiencies. Their disturbing inadequacies include severely limited emergency core cooling capability and the lack of a containment to enclose the reactor system.

For the 14 second-generation 440 MW VVERs in operation, the major design deficiencies were remedied. Their safety systems cope with a complete rupture of the main reactor coolant pipe, and there are sealed chambers to localize accidents and direct steam to a suppression system.

There are 18 operating more modern and larger third-generation 1000 MW VVERs. These units are similar in concept to non-Soviet plants used worldwide with the reactor surrounded by a full containment structure. They seem to have the least serious safety deficiencies, nevertheless, the quality of manufacture and construction remains a question, and there are some concerns related to design and operation.

Turning to the Chernobyl type RBMKs, there are a total of 15 operational and 4 under construction. These reactors have no containment structure and their safety has been a matter of continuous international concern since the Chernobyl accident. Two 1500 MW units, the world's largest nuclear power plants, operate in Lithuania, ten 1000 MW units are in Russia and three are at Chernobyl in the Ukraine. Some modifications in design and operation have been made, but there is a strong conviction among some international experts that these plants should be shut-down as soon as possible.

The financial costs required to deal with the serious and large number of safety deficiencies in so many plants is substantial. There are estimates that to correct operational safety deficiencies alone through training, improved operational and maintenance procedures, and the supply of modern inspection equipment could average $3 million per unit per year for the next several years. For the 57 operational plants under discussion that amounts to $170 million per year. Urgent near term technical hardware improvements for the 10 high risk first generation VVERs and the 15 RBMKs have been estimated at an additional $300 million. Major upgrades and reconstructions to the 14 second and to the 18 more modern third generation VVERs have been estimated by manufactures to cost at least $150 million per plant or about $5 billion. Estimates of the total safety improvement package are in the order of at least $10 billion.

International assistance

Efforts have been underway to deal with the problem. Significant bilateral and multilateral assistance activities has already been initiated by the USA and by other OECD countries. There are projects funded by the Commission of the European Communities, and the IAEA has also initiated new and major activities. The European Bank for Reconstruction and Development, the European Investment Bank, and the World Bank are considering or are already committed to financing safety improvements. What is needed now, in addition to financial commitments, is a concerted international effort to ensure a programme of effective assistance. This can only be guaranteed by a solid strategy of international co-ordination.

A look at the present situations shows that progress in developing such a strategy has been slow. What is becoming abundantly clear is that the scope and priorities of current assistance activities have been influenced not only by need or by importance, but often solely by the desire of donors to participate. There is duplication of efforts and work without sufficient analysis. A limited knowledge of safety priorities, along with an insufficient appreciation of the human and resource challenges, has seriously jeopardized some assistance. Little attention is paid to resources of the recipient countries, and the extensive experience and well developed resources of the IAEA are not being fully utilized. This situation is leading to delays not only in addressing priority issues, but also in rendering the most practical near term improvements.

A number of factors have led to the current and somewhat disorderly situation. International anxiety about the safety of East European reactors has caused an outburst of initiatives. Recipient countries continue to have difficulties in assessing the appropriateness of the many diverse and often hastily prepared proposals which address a wide span of topics ranging from extensive safety analyses to system modifications. The current decision making process is dominated by the donors, and representatives of East European countries repeatedly question whether assistance is focused on their needs or on donor research and commercial interests.

SENATE COMMITTEE ON FOREIGN RELATIONS, REPORT ON THIS BILL

The Committee on Foreign Relations, to which was referred the bill (S. 2532), Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

* * * * *

Environmental cooperation in the arctic

The committee is deeply concerned about reports emanating from the former Soviet Union regarding widespread environmental pollution and radioactive contamination that may be spreading to the arctic regions. For example, off the arctic island of Novaya Zemlya, there are reports of sunken ships with damaged nuclear reactors, a tanker with liquid radioactive waste, the midsection of the icebreaker *Lenin* with 3 damaged reactors, at least 5 nuclear submarines containing 10 reactors with nuclear fuel, and more than 10,000 containers of nuclear waste. Novaya Zemlya was also the site of approximately 41 underground and 90 atmospheric nuclear tests, including a 1961 atmospheric test of a 58 megaton device—the largest nuclear explosion ever. It is important to note that the Russians have asserted that nuclear testing will resume at Novaya Zemlya next October unless the United States ceases underground nuclear tests.

The Arctic is particularly vulnerable to pollution, since heavy metals and radionuclides are collected and concentrated in slowgrowing arctic tundra and lichen, fish, and marine mammals. Humans at the apex of the food chain, including the Inuit people of Russia, Canada, Greenland, and the United States, are potentially vulnerable, as are fisheries stocks in the Bering Sea, North Pacific, and North Atlantic.

Recognizing this threat, the committee specifically authorized funds for research and environmental monitoring in the Arctic and subarctic, as well as funds to mitigate environmental threats that might be confirmed as a result of the research and monitoring program.

It is the committee's intent that the mapping and analysis of environmental threats to the United States and the Arctic be undertaken in collaboration with scientists from the former Soviet Union. Thus, the committee recommends that this research plan be designed to involve the International Science and Technology Centers being formed to employ former Soviet nuclear weapons scientists.

The committee expects that the scientists from the International Science and Technology Center in Moscow should collaborate with the relevant U.S. agencies, such as the National Science Foundation, the Interagency Arctic Research Committee, the Arctic Research Commission, and the State of Alaska, in sharing data and developing a research plan to identify these environmental threats to the Arctic.

Environmental cooperation in other areas

The dumping of radioactive wastes in arctic waters, the inefficient use of energy, and the destruction of the Aral Sea are some of the most well known environmental problems facing the newly independent states, but many other environmental problems exist.

Air pollution continues to pose serious threats to health in many cities in the former Soviet Union. This has been tied, among other things, with increased vulnerability to disease among children. In agricultural areas where pesticide use is particularly heavy, infant morbidity is more than four times higher than in regions where pesticides are used less intensively. The lack of quality drinking water in some areas has contributed to increased occurrences of typhoid and viral hepatitis.

The financial costs of pollution and the obstacles it poses to the economic development of the newly independent states are significant. In 1990, some Soviet scholars estimated environmental damage cost 15–17 percent of the gross national product. Experience in other countries has also shown that environmental degradation can seriously impede economic development.

In authorizing assistance under this act, the committee intends to give the administration broad authority to engage in environmental protection and restoration activities, including, but not limited to, those activities identified in section 7(6). The committee believes that protection and restoration of resources shared by the United States and the newly independent states should be emphasized.

Nuclear power plant safety

The committee is concerned that the safety and health risks associated with the continued operation of the more than 50 nuclear power plants in the former Soviet Republics are substantial and growing.

The May 1986 Chernobyl disaster and the recent accident at the Sosnovy Bor nuclear plant near St. Petersburg are vivid reminders of the potential health and environmental costs resulting from the continued operation of unsafe nuclear power plants. These accidents also highlight a basic dilemma which confronts those who wish to address this critical problem. While safety considerations should logically force the closure of most or all of the 15 Chernobyl-type graphite moderated reactors [RMBKs] which do not have hardened containment structures, the need for the power such reactors produce is so acute that the Republics may be willing to risk their continued operation out of economic necessity.

There are an additional 41 pressurized water reactors [VVERs] in operation or under construction in the former Soviet Republics. Some of the older VVER's (models 230 and 213) also lack hardened containment structures. The newer VVER's do have such structures and other safety improvements upon the RMBK design.

U.S. nuclear power companies possess state-of-the-art safety technology related to nuclear reactor core control and protection systems. The committee encourages limited assistance to those companies that have developed the most cost-effective technology to assist them in making such technology available for purchase to the former Soviet Republics to upgrade those features which assure the improved operation of nuclear reactors which those Republics believe must continue to operate in the short term.

The potential safety and environmental dangers related to the continued operation of unsafe nuclear reactors pose a threat to the health and well-being of populations far beyond the borders of the former Soviet Union. Therefore, the committee encourages the establishment of a program of technical assistance to the former Soviet Republic in which unsafe nuclear reactors which generate electrical power are located. Such a program should be developed in conjunction with the U.S. commercial nuclear industry.

In addition, the committee recognizes that one of the potential obstacles in the transition to market-oriented economies in the former Soviet Republics is the absence of an adequate, safe, and dependable supply of energy. At present, nuclear reactors provide 12 percent of all power in the former Soviet Union and as much as 40 percent of all power in some areas. A classic conflict is emerging between safety and environmental concerns, and the energy requirements critical to economic improvement in the Republics.

The committee notes that the European Community has taken the initiative in addressing the safety problems posed by the RBMK reactors, and that so-called Chernobyl fixes have been identified to upgrade the safety of those reactors. Therefore, the United States commercial effort should focus more specifically on safety upgrades for the VVER models.

In light of the serious health and environmental dangers posed by the continued operation of unsafe nuclear reactors in the former Soviet Union, the committee believes a top priority for a United States assistance program should be the development of alternative sources of energy. An aggressive program to develop alternative sources of energy and increase energy efficiency would allow the permanent closure of some of the reactors and assist in addressing the unsta-

ble and dangerous energy supply situation in the newly independent republics.

The committee believes investment in energy efficiency programs and alternative sources of energy in the former Soviet Union would be far less costly than a program to upgrade all nuclear reactors to United States safety standards. Therefore, any plan for nuclear reactor safety should include recommendations for specific steps that could allow the permanent closure of unsafe reactors.

In addition to efforts to upgrade the quality of equipment and nuclear reactor safety controls in the former Soviet Union, the committee encourages the establishment of a program to improve reactor operator quality and regulatory capability.

Human technical capability has proven to be as important as reactor equipment and design in preventing accidents and responding effectively to those that do occur. The committee believes that programs to improve the training of reactor operators, and to upgrade operating standards and procedures can contribute substantially to cost-effective improvements in nuclear reactor safety.

Finally, the committee urges that efforts be made to strengthen nuclear safety regulatory and enforcement standards in the former Soviet Republics.

American Schools and Hospitals Abroad

The committee encourages the funding of American schools and hospitals that have been or may be established in the independent states of the former Soviet Union, such as the American University of Armenia [AUA]. AUA was founded last year in conjunction with the University of California, and is already teaching Armenian university students engineering and English.

Barter and/or Purchase of Weapons-Related Material

As the former Soviet Republics seek to transform their economies and their political systems, they must also maintain control of more than 25,000 nuclear weapons during times of great uncertainty. The warheads contained in these weapons have some 500 tons of valuable high-enriched uranium that may be diluted with natural uranium and used in commercial nuclear power plants. The administration has estimated that this uranium could power some 600 large reactors for a year.

The issue of plutonium is far more complex. At this time there is no cost-effective use for plutonium and its market value, other than for weapons, is essentially zero. The administration has made no policy decisions about what to do with plutonium in the long term. The administration's uncertainty causes concern about proliferation, and it is the committee's view that this material should be placed under very rigid safeguards until a long-term solution is found.

Current arms control agreements provide for the elimination of delivery systems, but do not address the issue of the dangerous and growing stockpile of weapons-usable fissile materials in retired nuclear warheads. There is also a danger that such material might be sold, either officially or surreptitiously, in its weapons-usable form on an uncontrolled world market. Thus, the risk of clandestine or unsafeguarded international transfer of fissile materials presents a relatively new and highly dangerous threat.

The committee believes that United States efforts to provide agricultural and other essential commodities to the Republics of the former Soviet Union in exchange for special nuclear materials can significantly reduce the proliferation of these materials. In addition, such efforts can help prevent further dumping of commercial-grade uranium on the international market. The committee notes that the U.S. Department of Energy uses older, costly enrichment technologies. Accordingly, acquiring enriched uranium from the former Soviet Union could save millions of dollars of United States electricity.

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IAEA REPORT ON VVER-230'S

The International Atomic Energy Agency has published an overview of its project on the safety of VVER-440 Model 230 nuclear power plants in central and eastern Europe. The project concludes that all 10 of the Model 230s still in operation have safety deficiencies that need immediate corrective actions, and that until those actions are taken, compensatory measures must be adopted at these plants.

The findings of the project were reported to operators and regulatory authorities at a meeting in Vienna, February 13-14 (*NN*, Mar. 1992, p. 79). The publication of the overview and major findings in early March was to be followed soon after by more detailed technical reports.

That serious deficiencies exist in Model 230s is, of course, well known, partly because of the urgent activity called for at Kozloduy in Bulgaria by an IAEA review team, one of which was sent to each plant under the IAEA project. The final report, which sets up a scale of four categories to rank the deficiencies, states that more than half of the problems are in categories III and IV, the most severe. Category III issues are said to be of "high safety concern" as there is insufficient defense in depth; "immediate corrective actions" are required and interim measures might be necessary until the problems are resolved. Category IV issues are of the "highest safety concern" due to an unacceptable level of defense in depth. Again, immediate corrective actions are required and "compensating measures must be taken until the problem is resolved."

Despite the uncompromising language, and contrary to widespread media reports over the past year, the IAEA project is not calling for immediate closures of plants, nor does the agency rule out the prospect of years of future operation. The report notes that to varying degrees, all the plant owner-operators are pursuing safety improvements. It says that "in the interim there is a clear need for special operating regimes and compensatory measures to materially increase safety." Amongst these are measures to preserve and enhance the existing positive safety aspects of the VVER-440 design, such as the relatively low power density in the reactor core and large water inventories in the primary and secondary circuits.

A number of factors are identified as strongly influencing the decisions that need to be made:

Some corrective actions might entail prohibitive costs and construction times.

Many safety issues cannot be resolved soon, nor even in several years.

Some actions that could be accomplished in the short term—such as the installation of simulators—would be appropriate only for long-term operation of the reactors.

Safety problems that could arise due to aging could severely influence the anticipated plant lifetimes.

The report concludes: "In order to effectively prioritize safety improvements it will be necessary, within the next months, for all user countries to decide on a sound forecast of the future utilization of these plants and then to prepare an appropriate work plan."

The main safety issues identified by the IAEA project follow.

Design Issues

In-core monitoring. Better instrumentation is needed to verify the power distribution, which is essential to maintain high core margins.

Decay heat removal. Currently the only route is through the steam generators, and it is therefore necessary to ensure an early reactor trip in any transient that can cause depletion of the steam generators, and to provide additional reliable means of supplying feedwater.

Reliability of active components. It is necessary to systematically assess decay heat removal component failure records, and change components as necessary.

Service water system. Additional equipment is needed to make the system single-failure proof; also, redundant equipment should be separated by physical barriers or by increased distance between them.

Main steam line isolation. A break would result in overcooling of the primary system, which would cause a severe thermal shock on the reactor vessel. Swift, automatic isolation valves are needed.

Primary circuit pressure relief. The pressurizer valves are not qualified to relieve water, and their reliability is not proven. New valves may be needed if the requirements and targets can not be met by other means.

ECCS capability. The emergency core cooling systems cannot cope with a variety of accidents in the short- or long-term cooling modes. There are no accumulators or low-pressure injection systems, so medium and large breaks cannot be dealt with. The feasibility of installing low-pressure injection and/or accumulators should be determined.

ECCS redundancy and physical separation. There is not enough. An analysis of failure modes and effects is required to identify the major areas where improvements should be made.

Confinement function. Existing confinement cannot acceptably control the release of radioactivity that might escape from the primary system. A combination of leak-rate reduction and some form of filtered venting might control the releases, while hydrogen recombiners could eliminate the potential for explosions.

Ventilation/cooling. It is necessary to evaluate the cooling power needed to control the temperature in the control equipment rooms below specified limits, improve the ventilation systems to ensure required cooling, and provide adequate redundancy to cope with single failures in the ventilation systems.

Component Integrity

Reactor vessel embrittlement. Irradiation embrittlement of vessel walls has progressed much faster than originally predicted, and the fastest embrittlement is likely to take place in a circumferential weld at the elevation of the reactor core. The real rate of embrittlement and the current value of the brittle-to-ductile transition temperatures are not accurately known, but in some plants the transition temperatures may be higher than 150 °C. Some VVER vessels have been annealed, but its effectiveness has not yet been sufficiently validated. Experience at some plants has shown that the rate of embrittlement can be significantly lowered by reducing the neutron flux at the vessel walls.

Vessel inspection. Ultrasonic inspections during manufacture and installation involved limited methods. Acceptance criteria for in-service inspection with better equipment and methods are needed.

Vessel stress analysis. Reevaluation, by more refined methods and approaches, is needed to account for normal transients and beyond-design-basis accidents.

Applicability of leak-before-break. Detailed studies in the areas of stress analysis and leak detection are needed to determine if the probability of primary pipe break is as low as it is assumed to be, based on the leak-before-break concept.

Primary circuit inservice inspection. The methods should be improved.

Primary circuit stress analysis. Results obtained by the use of modern codes and techniques are needed for the assessment of primary circuit integrity.

Vessel support integrity. The reactor vessel rests on a tank filled with water. Aging, degradation, and seismic loads could affect vessel support integrity, with a likely impact on vessel and primary circuit integrity.

Instrumentation and Control

Quality and performance. A detailed program to upgrade safety-related I&C, according to current standards, is required.

Redundancy, separation and independence. It would be impossible to impose full redundancy, separation, and independence on the existing installations, but the most worrisome initiating events should be identified, and related separation, fire protection, independence, and redundancy will be required.

Control room support. Excessive demands are placed on operators due to insufficient information, centralization, and automation. A control room design review is required. This issue is linked to operator training.

Equipment qualification. Safety-related I&C equipment needed to withstand events such as high-energy line breaks or earthquakes should be identified, and a qualification program should be established.

Equipment and power supply classification. There is no formal distinction between safety-related instrumentation and power supply. The resolution of this issue has major inputs to many other I&C concerns. Immediate development of a classification plan is needed.

Signal priority. Operation of emergency systems can be inhibited by equipment protection signals or manual actions. It is necessary to identify functions that can be inhibited in this way, to establish potential consequences and to implement corrective action.

Control room habitability and remote shutdown panels. Interim procedures should be established to allow safe shutdown from outside the control room. Measures such as door improvements and addition of breathing apparatus should be adopted immediately to protect control room personnel in accident conditions until permanent habitability improvements are made. Installation of a completely independent shutdown panel is required.

Electric Power Supplies

Redundancy, separation, and independence. The situation is similar to that for I&C. Initiating events of concern—such as fires—should be identified, and fire protection, redundancy, separation, and independence improved. An independent installation consisting of a network of power cables that can be connected within an hour to safety systems has already been implemented at Bohunice in Czechoslovakia, and is a partial solution to the problem.

Quality and performance. The electrical equipment in general does not perform up to current standards. Upgrading is needed.

Diesel generator loading. The failure of diesels to supply the demanded load when required is a major safety concern. The loading must be evaluated in different operating modes, and new diesels should be added and arranged to ensure two independent trains per reactor.

Battery capacity and d-c system design. The loading of the existing batteries, in the different possible operating modes, should be evaluated to assure adequate d-c power provision.

Emergency protection signals. There is concern that reactor scram is achieved very late, or not at all, during some transients. Additional scram signals, such as low steam generator level and high pressurizer level, should be considered.

Accident Analysis

Analysis of loss-of-coolant accidents (LOCA). Additional analyses are necessary to reach the international standard, especially when the emergency core cooling systems are redesigned to cope with leaks larger than 32 mm in diameter.

Evaluation of modifications. Plant-specific level 1 probabilistic safety analyses should be performed, and the results used to evaluate the risk impact and priority of modifications.

Fire protection. Actions are necessary to improve fire inspection activities, to eliminate fire hazards, and to assure that fire equipment is maintained in design readiness.

Operational Issues

Management involvement. Management should take a more active role in station operation to ensure that practices, policies, and standards are being properly implemented.

Safety culture. It has been found to be poor in some of the plants, and needs to be promoted.

Modification control. Plant changes must be effectively reviewed to ensure that the plant's design basis is not inadvertently altered.

Work control. Adequate measures should be developed on the identification, scheduling, isolation, release for work, and return to service of maintenance activities.

Equipment material condition. Systems important to safety must be maintained in a highly reliable state and in accordance with design to ensure operability.

Quality assurance. An overall QA program should be developed to ensure consistent and verifiable support of plant operation and safety.

Operating procedures. Personnel should be instructed in detail to control locked valves, operate systems, coordinate plant startup and shutdown, conduct shift turnovers, and respond to alarms and off-normal conditions.

Limits and conditions. There should be a formal document containing the essential limits and conditions for operation, the required surveillance test requirements to verify them, and corrective actions in case of off-limit conditions.

Surveillance procedures. Personnel should be provided with detailed instructions and acceptance criteria for tests that verify important safety parameters.

Radiation protection. Measures should be improved, properly implemented, and followed by all personnel.

Emergency operating procedures. They are insufficient or nonexistent. Procedures should include human factors considerations and, to the extent practical, be symptom-based. Full development of symptom-based procedures would be a long-term effort.

Training. It was found to be deficient in many aspects. Programs need to be systematically structured and implemented. Adequate and updated training material is also needed. Effective simulator training is necessary. If a fullscope simulator is not used for operator training, other methods should be used to provide effective training on procedure usage, communications and control room team skills and conditions.

Emergency planning. An effective program must address all aspects of accident assessment, onsite and offsite planning, and coordination.

Operational experience feedback. A systematic process of root cause analysis of operational events is needed to determine actions to enhance programs for the prevention of incidents.

Seismic Issues

Design basis. Seismic loads were not considered explicitly in the original design of these plants.

Structural systems. Structural adequacy should be determined through analytical methods. Interaction hazards could be assessed during plant walkdowns.

Components. Adequacy of anchorage and support is especially important for items such as electrical cabinets, electrical and mechanical equipment, distribution systems, essential tanks, and battery racks.

TABLE I.—OVERVIEW OF IAEA DATA BASE, OF ITEMS OF SPECIFIC SAFETY CONCERN

Reference	Design items	Operational items	Total
Conceptual design review	188	0	188
Bohunice	89	122	211
Kozloduy	125	179	304
Novovoronezh	154	147	301
Kola	180	133	313
Total	736	581	1,317

TABLE II.—RANKING OF SAFETY ISSUES

Severity	Issues
Category I	7
Category II	34
Category III	46
Category IV	13
Total	100

[From the Washington Post, June 28, 1992]

G–7 TO CONSIDER PLAN ON REDUCING A-PLANT RISKS

(By Don Oberdorfer)

The Group of Seven industrial nations are poised to adopt at this upcoming Munich summit the first major international program to reduce the high risk of disastrous accidents at civilian nuclear power rectors in the former Soviet Union and Eastern Europe, according to U.S. officials.

President Bush and the six other summit leaders are described as nearly certain to approve a plan for making short-term improvements in the safety of the reactors, 15 of which are the same type as the one that blew apart at Chernobyl in 1986, creating the world's worst nuclear accident.

The plan, which was devised by a G–7 task force headed by Germany, calls for spending at least $680 million over five years to improve operational safety and training at substandard reactors, making small technical improvements and providing assistance to regulatory authorities, U.S. sources said.

The United States, which launched a $25 million program along these lines last month, is expected to provide more than $100 million for the five-year program.

Final details of the new international effort will be worked out July 6–8 during the Munich summit, officials said. German Chancellor Helmut Kohl said last week that the short-term nuclear safety program he has in mind would cost about $800 million. He gave no details.

The most important unanswered question is how the summit leaders will deal with the broader and much more expensive need to replace or upgrade potentially dangerous reactors whose safety can be only marginally improved under the short-term plan. The estimated price tag for undertaking the broader program ranges from a preliminary World Bank estimate of $6 billion to $8 billion, to a $20 billion estimate by Ivan Selin, chairman of the U.S. Nuclear Regulatory Commission, to a $50 billion estimate by a private engineering firm, Asea Brown Boveri Ltd.

The U.S. position is that plans for undertaking the broad replacement or upgrading task should await expected World Bank studies of energy supply and demand in the former Soviet Union. This is because, officials said, sharp increases in energy prices an dramatic improvements in efficiency may eliminate the need for the output of some of the nuclear reactors now considered dangerous.

Germany, however, is reported to be pressing for a G–7 commitment at Munich to a broader action plan. Japan, on the other hand, is said to be opposed to going beyond short-term aid at the present time. The Tokyo government has been reluctant to approve any aid other than emergency assistance to Russia before settlement of the issue of four Japanese-claimed islands north of Japan that have been occupied by the Soviet Union and now Russia since World War II.

Selin, in testimony to the Senate Energy and Natural Resources Committee earlier this month, said there is "growing international consensus" that the 15 remaining Chernobyl-type reactors and 10 older Soviet-built reactors and 10 older Soviet-built reactors of another type "should not be operated any longer than absolutely necessary" because of the safety hazards involved.

Russian Ambassador to the United States Vladimir P. Lukin last week described reactor safety in his country as "a really urgent problem" and said discussions are underway about it with European nations as well as the United States. Many nuclear experts consider the state of former Soviet civilian nuclear reactors more of a danger to humanity than the generally tight controls on nuclear weapons as the Soviet Union breaks apart.

A U.S. official familiar with the discussions said the crucial question at Munich will be the degree of G–7 encouragement and backing for the more ambitious and expensive program. The official said that Russia, Ukraine and the other nations involved will have to do much of the planning because the issues involved cannot be separated from the other pricing, investment and energy questions facing their governments.

[From the New York Times, March 22, 1992]

40 CHERNOBYLS WAITING TO HAPPEN

(By Maurice Strong)

While the world prepares for the Earth summit meeting—the U.N. Conference on Environment and Development—in Rio de Janeiro in June, up to 40 potential Chernobyls are waiting to happen in the former Soviet Union and Central Europe.

By the time this nuclear nightmare catches the world's attention, it maybe too late to prevent a catastrophe that could do irreparable human, economic and environmental damage. Without an international rescue operation, the risks can only accelerate.

Warnings about this danger come not from antinuclear activities but from leaders of the nuclear industry, which would be a primary victim of new Chernobyls. Percy Barnevik, president of ABB Brown Boveri, one of the world's principal nuclear contractors, says many plants are so unsafe they should be shut immediately.

All of the 60 nuclear reactors in the former Soviet Union and Central and Eastern Europe have safety problems that have been building up for many years. Assessments by the International Atomic Energy Agency show that 26 have "serious" safety deficiencies and 14 have "considerable" ones. The agency is technically advising members of the Organization of Economic Cooperation and Development and the European Community about rectifying this situation.

A February 1992 I.A.E.A. study of the first generation of Soviet-designed pressurized reactors operating in Bulgaria, Czechoslovakia and Russia says they have "serious safety deficiencies." While an urgent safety program is under way, four units at Kozlodui, Bulgaria, continue to operate despite acute risks. Similar programs are required in all the affected plants, and some, perhaps most, should be shut permanently.

In many, the risks are becoming increasingly acute. The morale of management and workers has been destroyed by a lack of clear government policy and support, uncertainty about their futures, a lack of incentives and suitable training as well as shortages of funds, spare parts and supplies. All this has led to a serious deterioration in operating and maintenance performances in plants that already are accident prone because of design and construction flaws.

The governments, aware of the problems, are faced with a Hobson's choice in dealing with them. Shutting the plants would deprive the countries of energy that is critical to weakened economies. Alternative sources of energy would require foreign exchange they do not have and additional capital investment they cannot afford. Replacing the plants with a new generation of safer reactors or rebuilding them to meet acceptable safety standards would require billions of dollars; at a minimum, it would take the rest of this decade to replace or rebuild the plants.

The only alternative is a large-scale rescue operation by the international community, which could not come at a worse time. Countries that belong to the Organization for Economic Cooperation and Development feel severe budgetary and economic constraints and are particularly resistant to new demands on their resources.

Do we really have to wait for the first new Chernobyl to mount such a program, when it would be wiser to start now while it may still be possible to avert disaster?

What is needed is an international commission to work with each country and the I.A.E.A. Its first task should be to evaluate the most dangerous safety problems and insure that proper resources are immediately mobilized to alleviate these risks.

The commission should weigh the opportunities to meet short-term needs arising from shutting down the plants or interrupting energy supplies. The commission should then evaluate long-term needs, including non-nuclear alternatives as well as measures to improve vastly inefficient energy systems—particularly in transportation and heavy industry.

Developing countries would be deeply concerned that such an international rescue program not divert financial resources they urgently need to build their economies on an environmentally sound basis and carry out the decisions of the Earth summit meeting in Rio de Janeiro.

While this potential crisis is pushing itself onto the world agenda at an inconvenient time, it cannot be ignored. The costs of acting now to prevent or contain a new environmental disaster will be far less than the costs of letting it happen.

[U.S. Council for Energy Awareness]

SOVIET NUCLEAR POWER PLANT DESIGNS

PLANT LOCATION AND DESIGN "FAMILIES"

At the end of 1991, more than 60 commercial nuclear reactors of Soviet design had been built or were under construction in the ex-Soviet republics of Russia, Ukraine and Lithuania; in Bulgaria, Czechoslovakia and Hungary; and in India and Cuba.

Two Soviet-designed nuclear plants in Finland have been modified using Western technology and are significantly different from their original Soviet design.

Soviet-designed plants in India and Cuba have not been completed.

With the exception of small nuclear units used for district steam heating and several small fast-breeder reactors—which produce fuel as they generate electricity—Soviet-designed commercial nuclear power plants are variations on two basic desings: the VVER—or pressurized light-water—type, and the RBMK—the graphite Chernobyl-type.

There are no RBMK plants operating outside the former Soviet Union.

THE VVER: THREE GENERATIONS OF LIGHT-WATER UNITS, UPGRADED OVER TIME

Although it shares a basic engineering concept with its counterparts in the United States, France and Japan, the Soviet pressurized-water—or VVER—design is very different and does not meet Western safety standards.

FIRST-GENERATION VVERS

The earliest pressurized-water nuclear plants were developed by the Soviets between 1956 and 1970. These plants include the following versions:

VVER–210 (Prototype): Novovoronezh–1, Russia (Shut down 1984).

VVER–365 (Prototype): Novovoronezh–2, Russia (Shut down 1990).

VVER–40: Novovoronezh–3 and –4 (First Standardized Model V230s).

VVER–440 Model V230: Kola–1 and –2, Russia.

VVER–440 Model V230: Armenia–1 and–2; Kozloduy 1–4, Bulgaria; Bohunice–1 and–2, Czechoslovakia; Greifswald 1–4 in the former East Germany.

Principal strengths

Six primary coolant loops (providing multiple paths for cooling the reactor), each with a horizontal steam generator (for better heat transfer), that together provide a large volume of coolant. In some respects this design is more forgiving than Western plant designs with two, three or four large vertical steam generators.

Isolation valves that allow plant operators to take one or more of the six coolant loops out of service for repair while continuing to operate the plant. This feature is found in only a few Western plants.

Ability to sustain a simultaneous loss of coolant and off-site power, due to coolant pumps and two internal power generators that "coast down" after a shutdown.

Radiation levels reportedly lower than many Western plants, due to selection of materials, high-capacity primary coolant-purification system, and water-chemistry control.

Ability to produce significant amounts of power despite design and operating deficiencies.

Principal deficiencies

Accident Localization System—which serves as a partial reactor containment—designed to handle only one 4-inch pipe rupture. If larger coolant pipe(s) reptures, this system vents directly to the atmosphere through nine large vent valves. Western nuclear plants have containments designed for rupture of the largest pipes. In addition, the top of the reactor of this design is not enclosed in the Accident Localization System.

No emergency core-cooling systems or auxiliary feedwater systems similar to those required in Western nuclear plants.

Major concern about embrittlement (gradual weakening) of the reactor pressure vessel surrounding nuclear fuel, due to lack of internal stainless-steel cladding and use of low-alloy steel with high levels of impurities.

Plant instrumentation and controls, safety systems, fire-protection systems, and protection for control-room operators far below Western standards.

Quality of materials, construction, operating procedures and personnel training far below Western standards.

SECOND-GENERATION VVERS

These plants—designated the VVER-440 Model V213—were designed between 1970 and 1980. The development of this design coincided with the first uniform safety requirements drawn up by Soviet designers.

VVER-440 Model V213 units in the former Soviet Union include:

Russia: Kola-3 and -4.

Ukraine: Rovno-1 and -2.

VVER-440 Model V213 units in Eastern Europe include:

Hungary: Paks 1-4.

Czechoslovakia: Dukovany 1-4; Bohunice-3 and -4.

Former East Germany: Griefswald 5 (shut down).

Finland: Loviisa-1 and -2.

Principal strengths

Upgraded Accident Localization System vastly improved over the earlier VVER-440 Model V230 design, comparable to several Western plants, and using a vapor-suppression containment structure called a "bubbler-condenser" tower.

Addition of emergency core-cooling and auxiliary feedwater systems.

Reactor pressure vessel with stainless steel internal lining to alleviate much concern about the vessel embrittlement associated with the earlier VVER-440 Model V230 design.

Improved coolant pump, and continued use of six coolant loops (providing multiple paths for cooling the reactor) and horizontal steam generators (for better heat transfer) with large coolant volume.

Standardization of plant components, providing extensive operating experience for many parts and making possible incremental improvements and backfits of components.

Principal deficiencies

Plant instrumentation and controls—for example, reactor-protection systems and diagnostics—behind Western standards. Significant variations exist among countries with VVER-440 Model V213 plants.

Separation of plant safety systems (to help assure that an event in one system will not interfere with the operation of others), fire protection, and protection for control-room operators improved over Model V230 plants, but generally below Western standards.

Unknown quality of plant equipment and construction, due to lack of documentation on design, manufacturing and construction, and reported instances of poor-quality materials being re-worked at plant sites.

Major variations in operating and emergency procedures, operator training, and operational safety (for example, use of control-room simulators) among plants. These aspects of plant operations depend primarily on the organization or country operating Model V213 plants rather than on the plant supplier. Some countries have added safety features to their Model V213 plants.

THIRD-GENERATION VVERS

The VVER-1000 design was developed between 1975 and 1985 based on the requirements of a new Soviet nuclear standard that incorporated some international practices, particularly in the area of plant safety. The VVER-1000 design was intended to be used for many plants, and by 1991 17 units had been built. VVER-1000 units operate in two former Soviet republics:

Russia: Balakovo 1-3; Kalinin 1-2; Novovoronezh-5.

Ukraine: Rovno-3; Khmelnitsky-1; South Ukraine 1-3; Zaporozhye 1-5.

Two VVER-1000 units were built outside the former Soviet Union:

Bulgaria: Kozloduy-5 and -6.

Work was stoped on two other VVER-1000 units in Blugaria (Belene-1 and -2) after public protests over claims of unsuitable soil and seismic conditions.

The Hungarian government cancelled Paks-5 and -6 in 1989.

Construction of two VVER-1000 units at Stendal, in the former East Germany, was halted following reunification with West Germany.

In the former Soviet Union, 15 VVER-1000 units representing 14,760 megawatts of generating capacity have been cancelled or deferred indefintely.

Principal strengths

Steel-lined, pre-stressed concrete containment structure, similar in function to Western nuclear plants.

Design is "evolutionary," incorporating safety improvements over VVER-440 Model V213 plants—Soviet approach to standardization based on continued use of components that have performed well in earlier plants.

Use of four coolant loops and horizontal steam generators, elimination of loop-isolation valves, and use of one turbine—all considered improvements by Soviet designers.

Redesigned fuel assemblies that allow better flow of coolant, and improved control rods.

Radiation levels reportedly lower than in many Western plants, apparently due to selection of materials, high-capacity system for purifying primary coolant, and water-chemistry control.

Principal deficiencies

Plant instrumentation and controls continue to be areas of concern. Wiring of emergency electrical system and reactor-protection system does not meet Western standards for separation—control and safety functions are interconnected in ways that may allow failure of a control system to prevent operation of a safety system.

Fire-protection systems do not appear to differe substantially from earlier VVER models, which do not meet Western standards.

Quality-control, design and construction are understood to be significantly deficient by U.S. standards.

Protection measures for control-room operators essentially unchanged from earlier VVER-440 Model V213 design, which does not meet U.S. standards. Unlike all U.S. nuclear plants, and most in Western countries, VVER-1000s have no on-site "technical support center," which serves as a command post for stabilizing the plant in an emergency. Technical support centers were incorporated in U.S. and many Western nuclear plants following the accident at Three Mile Island Unit 2 in 1979.

Operating and emergency procedures fall far short of Western standards and vary greatly among operators of VVER-1000 plants.

VVER-1000 DERIVATIVES

Even before the break-up of the Soviet Union, derivative versions of the VVER-1000 were under development.

The VVER-88 concept is a basic VVER-1000 with post-Chernobyl improvements and is the basis for the Khmelnitsky-5 in Ukraine, which was scheduled to begin operating in 1994. Although the VVER-88 included a number of safety advances, it was not considered economical and none were built.

In 1987, design work was begun on the VVER-1800, a VVER-1000 upgraded for greater safety and economy. The VVER-1800 design incorporated a lower-power reactor core, annual refueling, and more reliable control and protection systems.

In 1989, Finland and the Soviet Union jointly announced the start of development work on the VVER-91, a VVER-1000 version that would meet stringent Finnish nuclear-plant design requirements. On paper, the Soviet VVER-91 design was among the world's most advanced light-water nuclear power plants.

Development of a new VVER-1000 design, the VVER-92, was expected to be carried out with Western assistance. The VVER-92 incorporated what one Finnish nuclear expert called "radically simplified" plant systems that included active safety systems, a reduced-power reactor core, and a double containment structure surrounding the nuclear reactor. According to the Finnish expert, VVER-92 development was continuing as of late 1991.

THE RBMK: THE CHERNOBYL-TYPE SOVIET NUCLEAR POWER PLANT

The former Soviet Union built 17 nuclear units based on the RBMK design used at the Chernobyl nuclear power plant, the site of the world's worst commercial nuclear accident. The RBMK design has not been used outside the former Soviet Union and could not be licensed to operate in the United States or other industrial nations.

Most of the RBMK nuclear units are of the 1,000-megawatt capacity. RBMKs of this size in former Soviet republics include:

Russia: Sosnovy Bor (formerly Leningrad) 1-4; Smolensk 1-3; Kursk 1-4.

Ukraine: Chernobyl 1-4 (Unit 4 was shut down after the 1986 accident).

RBMKs of the 1,500-megawatt class include:

Lithuania: Ignalina 1-2.

The power levels of the Ignalina RBMK units have been reduced for safety reasons.

All RBMK plants planned or under construction have been cancelled or deferred indefinitely.

Principal strength

The RBMK can be refueled while operating, permitting a high level of availability.

Principal deficiencies

The most significant difference between the Soviet-designed RBMK nuclear plant design and most of the world's nuclear power plants—and all U.S. nuclear plants—is the RBMK's lack of a massive steel and concrete containment structure as the final barrier against large releases of radiation in an accident. The effectiveness of American-style reactor containments was shown in the 1979 Three Mile Island Unit 2 accident, when virtually all radiation was retained inside the containment building, despite considerable melting of the fuel. In the Chernobyl accident, the RBMK plant's accident localization system (the RBMK's version of containment) could not withstand the force of the accident.

The graphite used in the reactor core can burn. (The nuclear fuel in commercial light-water U.S. nuclear power plants, in contrast, is surrounded by water, which cannot burn.)

RBMK plants can experience faster and more unstable nuclear chain reactions—and power increases—when coolant water is lost. In technical terms, this characteristic is called a "positive void coefficient." Soviet engineers have sought to modify this tendency by backfitting RBMKs with faster-acting control rods and other improvements. U.S.-style nuclear plants, however, are designed with just the opposite characteristic—a "negative void coefficient"—so that the nuclear chain reaction automatically shuts down completely when coolant water is lost.

Inadequate fire-protection systems.

Limited capability for steam suppression.

Flawed separation and redundancy of electrical and safety systems.

Complicated piping arrangements.

Mr. GRAHAM. Mr. President, it is to that concern that the amendment which I have submitted is directed, because it calls in the United States as part of its program in conjunction with other industrialized countries and other international agencies to develop a plan that not only deals with the short-range applications in training but also the intermediate United States measures of identifying those plants which are not susceptible to being brought up to a reasonable standard of safety and should be closed.

Mr. President, I say this is a particular concern to those of us who live in the southern United States, because at this moment there are two plants being constructed on the south coast of Cuba with serious safety concerns, plants which have been alleged to be impossible to operate at an acceptable level of safety without regard to how well trained or managed the facilities should be.

It is to those plants in Bulgaria and Czechoslovakia and elsewhere where plants that fall into the category, as Chairman Selin described as those that required urgent shutdown. It is to those that our amendment is directed. It calls for a balanced United States approach in order to assist the countries of the world which are afflicted with these Soviet-designed nuclear reactors.

Mr. President, I urge the speeding adoption of this amendment.

The PRESIDING OFFICER. Who seeks recognition?

The Chair recognizes the Senator from Wyoming.

Mr. WALLOP. Mr. President, if I were the Senator from Florida, and even as the Senator from Wyoming, I would share his concern about the nuclear reactors being built in Cuba. I would say, however, that Mr. Ivan Selin, the chairman of the Nuclear Regulatory Commission, informed the Senator from Wyoming that the design, the reactor design that is being installed in Cuba, is among the most efficient and safest in the world. What is worrisome is the Cuban construction and the training of maintenance operational personnel. I do not know what we quite do with the design procedure, because the design is viewed by most of the world who knows of these things to be safe. What is not safe is one of the things that will be hardest for us to control.

I think the junior Senator from Florida is assured that we took as much care of that as we could possibly do.

I have no objection to the amendment.

Mr. BIDEN. The Graham-Biden amendment is rather simple. It says that while the United States and other Western countries are helping with emergency safety upgrade at Soviet-designed nuclear reactors, we should also help develop a broader framework to deal with this huge problem.

There is little dispute that safety conditions at many of the Soviet-designed nuclear reactors are abysmal. In fact, when Germany unified, one of the first steps of the new government was to shut permanently the five Soviet-designed reactors in the former East Germany. Construction of five others was also stopped.

A unified Germany was able to do so because it had alternative sources of energy to draw upon. Unfortunately, many of the other countries with these dangerous reactors do not have that option.

That is why the west is loking at a program of emergency safety upgrades. These upgrades would include control room operator training, distribution of safety manuals, development of an effective regulatory system, and to a certain extent, so-called hardware improvement.

There is widespread agreement that these interim measures can make a dramatic improvement in safety levels at the plants. But make no mistake about it, those plants will still fall far short of Western safety standards even after the emergency improvements are made.

Our amendment seeks to establish the framework of a longer-term plan on how to deal with these dangerous plants. Right now, there is no international plan on separating reactors that can be made safer in a cost-effective manner from those that should be shut down.

And to make matters worse, there is no program before us to develop alternative sources of energy so reactors that everyone around the world might agree should be closed, can in fact be closed.

In short, our amendment seeks to make sure that in 4 or 5 years, we are not back here making the exact same arguments—that the reactors are known to be dangerous, and that the host government would like to close them, but there are no alternative sources of energy available. I think that without this amendment, the Senate will be signing on to a hugely expensive program that few believe is the best course to follow.

The cost estimates of needed safety improvements is staggering. The Director of the Nuclear Safety Division of the International Atomic Energy Agency estimated just an emergency operator training program for the 57 Soviet-designed reactors would cost $170 million each year. And this would be the absolute minimum.

A longer-term program focused solely on the reactors quickly skyrockets in cost. The Chairman of the NRC estimated a longer-term program would cost $20 billion. A nuclear engineering firm estimated the cost closer to $50 billion.

The simple fact is we do not have that much money, and even the collective resources of Western aid donors would not match those needs. That is why we have to start the process now to look at the region's energy situation in a broader perspective, so any assistance is cost-effective and results in the highest level of safety possible.

Many nuclear experts are concerned about the costs and practicability of starting down the road to a longer-term program.

Harold Denton, head of the NRC's Office of Governmental and Regulatory Affairs Office cited the risk of being coopted by paying for safety improvements at a dangerous plant when a better option is to close it.

Western inspectors who looked at Bulgaria's nuclear plants said they were so hazardous that "continued operation would be imprudent." Yet without this amendment, the Senate will practically force continued operation of all of the Bulgarian reactors for years to come.

Experts in those countries know what should be done. Boris Yeltsin's environmental adviser has said that "it is essential to stop investing funds in dangerous and ineffective nuclear stations immediately." But, of course, the preferred option may not be the practical one to follow.

Even among those who will be in the forefront of fixing the reactors, there is

a recognition that we have to look at the reactors in a broader perspective.

On June 16, in testimony before the Energy Committee, NRC Chairman Ivan Selin said: "In the medium term, we should help them determine energy requirements and the feasibility of reducing energy demand, and help to identify energy alternatives that will increase their incentives to shut down the RBMK and VVER 440/230 reactors."

At the same hearing, William Young, Asssistant Secretary for Nuclear Energy for the Department of Energy testified that "developing specific strategies to obtain agreement on shutdown of these plants can best be accomplished through an understanding of the specific energy demand and supply conditions in each country. Western assistance will also be needed to improve conservation and efficiency and to help provide suitable replacement power where needed."

He concluded his testimony by saying: "Our attention should focus on determining the feasibility of electric power demand reduction and alternatives that would enable a decision by the countries concerned to not operate these plants any longer than absolutely necessary."

Our amendment addresses these concerns. It will start a process so, as Harold Denton warned against, we are not unintentionally co-opted into keeping open reactors that should be shut down.

Let me make one point very clear—our amendment allows a short-term emergency program to go forward. United States participation in the emergency assistance program expected to be announced at G–7 economic summit would be allowed to occur.

Our amendment makes clear that as the emergency reactor aid goes forward, we should also start the lengthier process of developing alternatives that will allow closure of some of the reactors. This appears to be a step consistent with what the NRC and the Department of Energy testified is needed.

It is consistent with the approach Germany used when it had to face this choice on its own soil.

And it also is consistent with the concerns of people in Russia, Ukraine, Bulgaria and other countries with Soviet-designed reactors that they, to be quite blunt, fear the reactors but have no choice for now on their continued operation. Our amendment will help them get out of the bind they and the rest of the world are in with these reactors.

The PRESIDING OFFICER. Is there further debate?

If not the question is on agreeing to the amendment of the Senator from Florida.

The amendment (No. 2714) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFFICER. The Chair recognizes the Senator from New Mexico [Mr. DOMENICI].

AMENDMENT NO. 2715

Mr. DOMENICI. Mr. President, I send an amendment to the desk on behalf of Senators DOLE and KASTEN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for himself, Mr. DOLE and Mr. KASTEN, proposes an amendment numbered 2715.

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

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

The amendment is as follows:

SEC. . AMERICAN CENTERS TO SUPPORT PEACEFUL TRANSITIONS LEADING TO FREE MARKET ECONOMIES AND DEMOCRATIC VALUES IN RUSSIA, THE UKRAINE, BELARUS, GEORGIA, ARMENIA, AND OTHER NEW INDEPENDENT STATES.

In order to demonstrate an American commitment to support the peoples of Russia, the Ukraine, Belarus, Georgia, Armenia, and other new independent States, the President should establish American Centers to promote commercial, professional, civic, and other partnerships between the people of the United States and the peoples of new independent states for the purposes of:

(1) establishing a liaison of facilitate exchanges between the peoples of the republics of the former Soviet Union and American business entities, state and local governments, and professional and civic institutions in the United States;

(2) providing a repository for commercial, legal, and technical (including environmental and export control) information;

(3) identifying existing or potential counterpart businesses or organizations that may require specific technical coordination or assistance; and

(4) helping to establish the legal and regulatory framework and infrastructure that is a critical prerequisite to the establishment of a market oriented economy and democratic institutions;

(5) such other objectives that the Center Directors and Coordinator may identify and have been approved by the Executive Board.

SEC. . EXECUTIVE BOARD AND DIRECTORS OF CENTERS.

(a) The Executive Board. The President is authorized to appoint an Executive Board of no more than ten United States citizens to advise the President and to provide policy and technical direction to the American Centers. The Board Members should be chosen from individuals who have demonstrated leadership in business, professional, and civic organizations that engage in relevant international activities, in particular in the new independent States.

(b) Directors of the American Centers. Upon the appointment of an Executive Board as provided in Subsection (a), the President may designate, from a list of candidates submitted by the Executive Board upon his request, Directors of one or more American Centers to carry out the purposes of the Act. The Executive Board shall work as expeditiously as possible to respond to requests to establish additional American Centers in major cities of the Republics.

(c) Policy Coordination of American Centers. The President is encouraged to designate a coordinator to oversee, subject to the policy direction of the Secretary of State, activities conducted by the United States Government in connection with the American Centers and other activities authorized by the Freedom Support Act. The coordinator, the Deputy Secretary of State, and the Chairman of the Trade Promotion Coordinating Committee shall be ex officio members of the Executive Board.

(d) The Executive Board shall consult with and provide periodic reports to the President, the Secretary of State, and the appropriate committees of Congress.

(e) Nothing in this section shall be construed

(i) to make the Executive Board or any American Center an agency or establishment of the United States Government, or

(ii) to make any member of the Executive Board or director of an American Center officers of employees of the United States Government, for the purpose of title 5, United States Code or any law administered by the Office of Personnel Management. In addition, the provisions of the Federal Advisory Committee Act shall not apply to the Executive Board or any American Center.

SEC. . FUNDING FOR AMERICAN CENTERS AND FOR TECHNICAL SUPPORT FOR DEMOCRATIC GOVERNMENTS, PRIVATE INSTITUTIONS, AND PROFESSIONAL ORGANIZATIONS IN THE SOVIET REPUBLICS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Of the amounts made available for assistance under the Freedom Support Act, not more than $5,000,000 for fiscal year 1993, and not more than $10,000,000 during any subsequent fiscal year shall be available for assistance in accordance with this Act.

(b) TYPES OF ASSISTANCE AUTHORIZED.—Funds made available pursuant to this Act shall be used to establish and maintain the American Centers and to provide technical and related support assistance to any eligible recipients in the new independent States.

(c) ELIGIBLE RECIPIENTS.—As used in the Act, the term, "eligible recipient" means—

(1) the government of any republic, and any local government, within the new independent State (or any successor state) that was elected through open, free, and fair elections, and

(2) any nongovernmental organization that promotes democratic reforms, market oriented reforms, the rule of law (including the legal infrastructure prerequisite to the foregoing) or any other objectives of this Act.

(3) any governmental agencies that promote democratic reforms, market-oriented reforms, or the rule of law (except that no more than fifteen percentum of amount authorized in subsection (a) may be used for this category).

(d) Restrictions. No cash grants may be made under this Act to any governmental agency or organization in the new independent States. Payments for rent or lease of office facilities for an American Center are to be made, to the extent practicable, from local currency provided for that purpose by the host government.

(e) Except to the extent inconsistent with this Act, technical assistance under this Act shall be considered to be assistance under Part 1 of the Foreign Assistance Act for the

purposes of making available the administrative authorities of that Act.

(f) The Centers are authorized to accept private contributions from United States citizens and organizations to be used pursuant to the provisions of this Act.

Mr. DOMENICI. Mr. President, my amendment is one that the Senate passed last year. I thought it was a good idea then, and in reading this bill I think it is even a better idea. What it does is sets up a one-stop shop for nondiplomatic activities in the new States of the old Soviet Union. We call them American centers.

As I read this bill, I find that we have set up—believe it or not—American houses, American business centers, Eurasia Foundations, a citizens democracy corps, new Agency for International Development activities, foreign commercial service posts, and numerous private voluntary organizations. I am fearful that we are going to bury them in the same kind of bureaucracy that we frequently bury our own domestic agencies, and they will not be able to find what America has to offer.

The Freedom Support Act, which I support, has become the repository of numerous new initiatives, proposals, and schemes to help the peoples of Russia and the other new states. For that reason, I have hesitated to resubmit this American centers amendment. I do so for one reason, to offer the conferees and the administration a vehicle for consolidating and simplifying the dozens of ideas in this bill for new American activities in Russia.

I just can't imagine that this Senate wants to have 5 or 10 American institutions in each and every one of the dozen new Republics. All of that is authorized or encouraged by this bill. And, of course, we will have an embassy there, too.

Most of us have experienced the problems our constituents have in finding where to go in the Federal Government for assistance. Do we really want to impose this problem on Russians and Ukrainians trying to learn from America or do business with America?

I understand that the Agency for International Development hopes to undertake major export promotion and American business investment activities in the former Soviet Union.

Now, we already have assigned these duties to the foreign commercial service, which used to be pretty uneven but is now getting better, the Export-Import Bank, the trade and development program, and the Overseas Private Investment Corporation. I am sure there are others I missed.

Do we really want the Agency for International Development to teach capitalism to Russians? Do we really want the Agency for International Development to manage—and I quote from an AID document—"an institutionalized focal point dedicated to the development of concepts and approaches dedicated to systemic change and its implementation." Can you believe that? How many times can we invent the wheel?

I hope that is not the desire of the managers and of the Senate. It is not the desire of this Senator.

Mr. President, the managers have worked long and hard to bring this bill to a conclusion. I hope they can accept this amendment. When the committee took it to conference last year, it was also sponsored by Senators SIMON, COCHRAN, BROWN, GORTON, D'AMATO, GRAMM, DIXON, HELMS and DODD. I have not tried to get them back on this year.

Maybe the managers can find merit in this American centers concept when they sit down with the other conferees to sort out all of the brilliant ideas we have given them.

So I am going to ask that the Senate again adopt the concept of the American centers for nondiplomatic activities and urge the conferees to take advantage of the concept's potential.

I do not have the capacity to go through and put the new activities all under this amendment. It is too difficult. The bill is too cumbersome. But I will have this idea in the bill if it is accepted, and the conference can then find a way to coordinate all of the activities under the concept of American centers for nondiplomatic services in the various cities and republics of the old Soviet Union.

I believe the managers think it is a good idea and are willing to accept it.

I send my statement to the desk and ask it be inserted as if read.

The PRESIDING OFFICER. Is there further debate? The Senator from Indiana [Mr. LUGAR].

Mr. LUGAR. Mr. President, we support the amendment on this side of the aisle.

Mr. PELL. Mr President, we, too, have examined the amendment, find it an excellent one, and support its passage.

The PRESIDING OFFICER. Is there additional debate? If not, the question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (No. 2715) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Chair recognizes the Senator from Indiana.

AMENDMENT NO. 2716

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

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for himself, Mr. NUNN, Mr. WARNER, and Mr. PELL, proposes an amendment numbered 2716.

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

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

The amendment is as follows:

At the appropriate place in section 8 of the bill, insert the following new section:

" . NUCLEAR SAFETY.

"The authority in this Act to establish programs for establishing verifiable safeguards against the proliferation of weapons may also be utilized, on the same basis, for programs to promote nuclear reactor safety and to reduce the danger of nuclear accident.".

Mr. LUGAR. Mr. President, on behalf of Senators NUNN, WARNER, and PELL, I offer this amendment. It is obvious that we have a need for programs to promote nuclear reactor safety and reduce the danger of nuclear accidents critical to United States interest. This comment of amendment complements authority in the bill to ensure that Nunn-Lugar funds can be used for these purposes.

Secretary Baker has committed the United States at the Lisbon Ministerial to assist the new states with nuclear safety upgrades. Secretary Baker met today with the chairman and ranking members of the Armed Services Committee. They share our concern, and the concerns of the Foreign Relations Committee, for the need to utilize Nunn-Lugar funds for this purpose.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Indiana.

The amendment (No. 2716) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio [Mr. GLENN].

AMENDMENT NO. 2717

(Purpose: To apply existing procedures for the waiver of the prohibitions on assistance, and for other purposes)

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

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio [Mr. GLENN] proposes an amendment numbered 2717.

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

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

The amendment is as follows:

On page 29, line 8, after "(B)" insert the following: "any chemical or biological weapon or".

On page 29, strike lines 16 through 19.

On page 29, strike lines 20 through 24 and insert in lieu thereof the following:

(5) has undertaken any of the activities with respect to which sanctions must be imposed under sections 669 or 670 of the Foreign Assistance Act of 1961 or section 506(a)(1) of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993; or

(6) has repeatedly provided support for acts of international terrorism.

The President may waive the application of the prohibition on assistance contained in this subsection—

(A) in the same manner as such waiver could be exercised under any other provision of law with respect to the same activity; or

(B) if no waiver authority under any other provision of law exists with respect to that activity, then only if the President certifies and justifies in writing to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate that to do so would serve the objectives of this Act.

On page 42, line 18, insert after "1990" the following: ", and section 5(b) of this Act".

Mr. GLENN. Mr. President, I believe we have worked out an amendment on both sides of the aisle on this. I want to just make a couple remarks about it and then ask unanimous consent to enter my longer statement in the RECORD.

Mr. President, there are some loopholes in the bill that this amendment will help close. One provision in that bill creates a very sweeping loophole that exempts these new Republics, the CIS from the sanctions requirements of any other legislation, including existing laws against terrorism and human rights abuses and weapons proliferation, nuclear weapons and other weapons of mass destruction.

Another provision authorizes the President to waive aid prohibitions for a non-nuclear-weapon republic even if that Republic tests a nuclear device. And there is another provision that grants the President liberal waiver authority over violations involving instances when a republic would even knowingly provide another country with equipment or material to be used by that country to manufacture weapons of mass destruction.

Mr. President, section 13 of the bill provides that aid shall continue, and I quote: "Notwithstanding any other provision of law with certain exceptions that do not include any laws concerning nonproliferation, human rights or terrorism." In short, if any republic is caught illicitly selling enrichment or reprocessing technology to another nation after that bill is enacted, then the President would be authorized to continue assistance to the country despite such illicit nuclear deals.

Mr. President, we cannot see that kind of weakening be part of the bill and that authorization seems particularly unwise in light of the well-known proliferation threats that administration witnesses, including intelligence witnesses, have been emphasizing in recent congressional testimony, in the well-documented willingness of the administration and its predecessor to waive nuclear sanctions.

Mr. President, I rise to offer an amendment addressing the waiver criteria identified in this bill and ask for its immediate consideration.

We currently have on the books a variety of laws addressing the problems of weapons proliferation, human rights, and terrorism. These laws—which include important provisions of the Foreign Assistance Act, the Arms Export Control Act, the Nuclear Non-Proliferation Act, the Atomic Energy Act, recent legislation to combat the proliferation of missiles and chemical and biological weapons, and other laws addressing human rights and terrorism—together represent the architecture of our Nation's strategy to address some of the most serious foreign policy and national security challenges facing our Nation today. It took years to enact these laws—some were crafted in response to international crises, others sought to anticipate challenges of the future. Many of the architects of this legislation continue to sit in this Chamber, and I am proud to say that Senator PELL, the distinguished chairman of the Foreign Relations Committee, and I have authored more than our share of these laws particularly with respect to halting the global spread of weapons of mass destruction.

Though numerous and diverse in content, these laws accomplish what laws are intended to accomplish—they set forth the terms that guide the behavior of our Government and they signal to other nations something about our national priorities, as well as the level of our national commitment to pursue those priorities.

My goal in introducting this amendment today could not be more straightforward—I seek to preserve the force of those laws, including their provisions for sanctions and Presidential waivers. In a nutshell, the goal of my amendment is simply to bring this particular bill into line with our other sanctions legislation. I would like now to discuss how the present bill, if accepted in its current form, would depart from that legislation. I will focus on two specific sections of the bill.

PROBLEMS WITH SECTION 13(C)

Section 13(c) of this bill would create sweeping new authority for the President to exempt the new Republics from the penalties found in our sanctions laws concerning human rights, nonproliferation, and terrorism issues. Indeed, the words of the bill are even broader than that: assistance could continue "notwithstanding any other provision of law."

Thus if one Republic brutally suppresses democracy, another engages in illicit sales of sensitive nuclear technology, or yet another actively supports international terrorism—aid could continue under this bill to each of these nations, despite punitive sanctions that are now required by other U.S. laws.

Let me illustrate the effect of such an exemption on the Glenn/Symington amendments to the Foreign Assistance Act. Under those amendments, U.S. economic and military aid provided under that act and the Arms Export Control Act must be cut off for any nation that imports or exports nuclear reprocessing technology, for example, if a nation provides assistance to North Korea's once-secret plutonium facility, or unsafeguarded uranium enrichment technology, for example, if a nation helps Iraq to reconstruct its centrifuge or electromagnetic uranium isotope separation facilities. The Glenn/Symington amendments also impose such penalties against nations that attempt to violate U.S. nuclear export controls in order to acquire items for use in manufacturing a nuclear explosive device.

Specific waiver authority is already provided in both sections of the Glenn/Symington amendments—the blanket exemption found in section 13(c), however, would make these existing nonproliferation controls meaningless. Indeed, this same problem applies to sanctions and waivers required for violations concerning chemical and biological weapons, human rights abuses, and support for international terrorism. To ensure that the bill will not be at cross purposes with that legislation, I will propose that section 13(c) be amended to ensure that the terms of ineligibility found in section 5(b) will be fully implemented in accordance with our other sanctions legislation.

PROBLEMS WITH SECTION 5(B)

Let me now turn to certain aspects of section 5(b) of this bill, which identifies circumstances that would require a cutoff of aid under this act. These circumstances include a pattern of gross violations of human rights, aggression against countries friendly to the United States, failure to live up to major arms control agreements, transfers of missiles and dual-use goods applicable to weapons of mass destruction, and detonations of nuclear explosive devices. For reasons that are still somewhat unclear to me, the bill does not include in this list a penalty for transfers of actual nuclear, chemical, or biological weapons, nor does it address the use of chemical or biological weapons or the problem of chronic state sponsorship of international terrorism—all of which are very much germane to the bill.

Nevertheless, after having drawn a firm line in the sand by itemizing the events that would trigger an aid cutoff, the bill then leaps over that line to authorize the President to waive all penalties for violating these standards—and to do so by means of a one-time, indefinite waiver based on a mere certification that such a waiver would "serve the objectives of this act."

This expansive Presidential waiver authority in section 5(b)—like the authority now found in section 13(c)—would have the effect of undercutting many of our sanctions laws addressing weapons proliferation, terrorism, and human rights issues, all at the stroke of a pen. I believe strongly that the enactment—or worse, the implementation—of such blanket waiver authority would do irreparable damage to our other sanctions laws.

As I have just indicated, if a Republic violates any of the prohibitions of the Glenn/Symington amendments to the Foreign Assistance Act, that legislation requires draconian sanctions and a tightly circumscribed waiver procedure to counter such violations. Yet if enacted, the present bill would permit the President to continue sending hundreds of millions of dollars in aid to a country that may—because of a Glenn/Symington violation—be ineligible to receive aid under either the Foreign Assistance or Arms Export Control Acts. The effect of continuing aid under such circumstances would be to gut the Glenn/Symington amendments of virtually all of their deterrent value. A similar conclusion could be made with respect to other legislation devoted to attacking the problems of weapons proliferation, terrorism, and human rights abuses.

Congress needs to be much more vigilant about the issuance of waivers of our sanctions laws. It is obvious to the world that the repeated waivers that were issued of the Glenn/Symington sanctions on behalf of Pakistan over the last decade did absolutely nothing to halt Pakistan's bomb program. By authorizing new aid in the face of continuing, outrageous violations of Pakistan's solemn pledges that its nuclear program was entirely peaceful, our nonproliferation policy reached new heights of hypocrisy. These waivers were a national embarrassment—having learned this lesson the hard way, Congress should surely not now expand the authority of the Executive to issue new waivers of Glenn/Symington for illicit nuclear transactions coming from the new Commonwealth Republics.

Mr. President, I ask unanimous consent to have printed in the record an op-ed I contributed to the June 24 issue of the *Washington Post*, addressing the implications for our nuclear nonproliferation policy of past waivers that have been issued on Pakistan's behalf over the last decade.

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

[From the Washington Post, June 24, 1992]

THIS COUNTRY ENCOURAGED THE SPREAD OF NUCLEAR WEAPONS

(By John Glenn)

It's no secret that I have been at odds with the Reagan and Bush administrations over their record in preventing the spread of nuclear weapons. I have stated publicly my dismay over the direction taken first by President Reagan and then by President Bush in providing aid and arms to Pakistan without requiring concrete actions to stop the Pakistani bomb program, and in building up Saddam Hussein's ability to mount a nuclear and missile threat.

But an examination of their record suggests there is more than a political or policy dimension to our disagreement. I now believe that actions taken and not taken by the Reagan and Bush administrations in the area of nuclear nonproliferation amount to a pattern of willful misinterpretation of our laws.

Some years ago, Sen. Stuart Symington and I amended the Foreign Assistance Act to require a cutoff of economic and military assistance to any country that, after 1977, imported or exported unsafeguarded nuclear enrichment or reprocessing materials, equipment or technology. Since then only one nation, Pakistan, has been found by a U.S. president to be in violation of this law. America first cut off aid to Pakistan in September 1977, for a reprocessing-related violation. It did so again in April 1979 for a violation of the enrichment provision.

But after the Reagan administration took office in 1981, the law was changed to permit the flow of assistance to Pakistan during the war between the Soviet Union and the Afghan rebels. Over the next decade, aid to Pakistan amounted to more than $4 billion, including the delivery of 40 F-16 fighter planes—an excellent nuclear weapons delivery system—with no assurances that Pakistan would end or reverse its nuclear weapons program.

Indeed, the Reagan administration at one point, publicly parroting the Pakistanis' claim that their nuclear program was peaceful, pressured Congress to change the law—in effect, simply to repeal it—so that aid could be provided to Pakistan. Congress refused, instead moving to suspend the law for a limited time while drawing a new line (no nuclear testing) that Pakistan could not cross without suffering an aid cutoff.

In 1985, following reports that the Pakistani program was progressing, Congress drew a tigher line ("the Pressler amendment") that required the president to certify that Pakistan did not possess a nuclear explosive device and that the provision of U.S. aid would reduce significantly the risk of its getting one. (In other words, if they kept working toward a bomb despite our aid, then the aid should stop.) The Pressler amendment also stated that such a cutoff would mean "no military equipment or technology shall be sold or transferred to Pakistan."

What does the record show about the Bush and Reagan commitment to nonproliferation in this case?

In 1981, at the time U.S. aid began to flow, Pakistan had not produced bomb-grade nuclear material, nor had it manufactured bomb components or repeatedly violated U.S. nuclear export control laws and those of our allies. All these provocations occurred at the time of maximum U.S. assistance and continued after enactment of the Pressler amendment.

Did Pakistan ever suffer an aid cutoff as required by the amendment? No. The deliveries of F-16s and other equipment continued. Meanwhile, President Reagan continued to certify annually that Pakistan did not "possess" a nuclear device and (despite all the evidence to the contrary) that continued U.S. assistance would reduce the risk of such possession.

This although India had concluded by 1987 that Pakistan had the ability to easily and quickly assemble such a device. Four years ago, reports were circulating that high-level analysts in our own intelligence agencies could not support another presidential certification of aid for Pakistan. Yet in October 1989, President Bush again certified that Pakistan did not possess a nuclear explosive device and that U.S. assistance was "reducing incentives and creating disincentives" for acquisition of nuclear explosives.

This disgraceful policy failure accompanied by "Alice in Wonderland" presidential messages appeared to have come to an end in October 1990, when President Bush finally admitted what had become evident to everyone who watches the TV news. The president could not certify that the Pakistanis did not have the bomb and that was tantamount to saying they had it. What's more, nine years of U.S. assistance had helped Pakistan release funds for its nuclear weapons program and had given it the means for delivering the weapons.

Shockingly, testimony by Secretary of State James Baker this year revealed that the administration has continued to allow Pakistan to purchase munitions through commercial transactions, despite the explicit, unambiguous intent of Congress that "no military equipment or technolgy, shall be sold or transferred to Pakistan." These sales may have included spare parts for F-16 aircraft.

These facts alone would be enough to destroy any shred of credibility possessed by this administration and the previous one on the issue of nuclear nonproliferation. Unfortunately, there is more (the details are beyond the scope of this article), including a failure to apply the Glenn-Symington amendment to Turkey despite that country's involvement in helping Pakistan acquire sensitive equiment for enriching uranium.

Suffice it to say that the Reagan and Bush administrations have practiced a nuclear nonproliferation policy bordering on lawlessness. In so doing, they have undermined the respect of other countries for U.S. law and have done great damage to the nuclear nonproliferation effort.

Keep this in mind the next time someone in the administration extols the need for military action to deal with some power-hungry dictator who is seeking to acquire nuclear weapons in the Middle East or elsewhere.

Mr. GLENN. Under section 5(b), the President would also be granted authority to waive a cutoff of aid—that is, aid provided under this bill—for any non-nuclear-weapon Republic that may in the future detonate a nuclear explosive device. All the President would have to do to invoke this waiver is to certify in writing to Congress that issuing such a waiver "would serve the objective of this act."

Under Glenn-Symington, no aid may be provided under the Foreign Assistance Act or the Arms Export Control Act to any non-nuclear-weapon state that either receives or detonates a nuclear explosive device—section 670(b)(1)(B) of the Foreign Assistance Act. Because of the seriousness of a detonation, Congress insisted on stiff constraints on presidential waiver authority: The only waiver the President now has for such a violation merely authorizes him to postpone implementation of the cutoff for 30 days. The cur-

rent bill, in sharp contrast, would authorize the provision of massive amounts of aid that would not be permitted under either the Foreign Assistance or Arms Export Control Acts, on the basis of a mere certification that the continuation of aid would serve the objectives of the aid bill.

Furthermore, section 5(b) also grants the President liberal waiver authority over instances when a republic knowingly provides another country with equipment or material to be used by that country to manufacture weapons of mass destruction.

Following precedents set by the enactment of sanctions covering transfers related to chemical and biological weapons and missiles—legislation that owes a great deal to the hard work of the members and staff of the Senate Foreign Relations Committee—I introduced a bill (S. 1128) last year to penalize companies and individuals that knowingly and materially help other nations to acquire nuclear explosive devices. According to S. 1128, any firm or individual determined by the President to have engaged in such activities must be penalized—with a government procurement ban—soon to be augmented by an import ban added by the House—for a minimum of 12 months, only after which could the President issue a waiver on the grounds that continued imposition of the penalty "would have a serious adverse effect on vital United States interests." On April 9 this year, that bill passed by unanimous consent and was sent to the House.

By contrast, the current bill permits the President to waive the ineligibility provision in section 5(b) on the simple grounds that the waiver "would serve the objectives of this Act." There would be no requirement for any specific nonproliferation criteria to be met. And most ironically, we could well be facing a circumstance when aid could be continued under this act while it may be cut off under existing or future nuclear and CBW sanctions legislation.

Because of all of these concerns, my amendment to section 5(b) will therefore accomplish three goals: First, it will ensure that any waiver under this section would be implemented in accordance with the waiver authorities that exist under other relevant legislation; second, it will expand the grounds for ineligibility to include support for international terrorism; and third, it will penalize the transfer or use of chemical or biological weapons, and all activities covered by the Glenn/Symington amendments, including detonations of nuclear explosive devices.

I know that the no-detonations provision is especially important to Senator SIMON—who has earned the respect of all his colleagues for his commitment to nonproliferation issues—and I welcome his support for my amendment today.

CONCLUSION

As important as it may be for America to help the new Commonwealth Republics, I do not believe that this end requires Congress to weaken our sanctions laws. Senior spokesmen of the current administration have testified repeatedly about the dire threats of nuclear proliferation emanating from the territories of the former Soviet Union—threats that include a possible brain drain of nuclear experts and black market activities involving sensitive nuclear materials and technology—there have even been allegations of illicit transfers of nuclear weapons. The months and years ahead could well reveal many other developments relating to human rights abuses, terrorism, and other weapons proliferation issues that will aslo have profound implications for international security.

The world has witnessed the effects of timid United States responses to events that occurred at Tiananmen, Halabja, and a nuclear test site in India's Thar Desert. As we seek today to prepare for new threats facing the nation and our children's children, let us show the world that when America mandates sanctions against weapons proliferation, chronic human rights abuses, and terrorism—America means business.

Such threats must be taken seriously. There must be no ambiguity in our policy or in our laws: The new republics must understand exactly where America will stand in the event they engage in any of these illicit activities that jeopardize world peace. The well-documented readiness of elements of the present and past administrations to trade away human rights and nonproliferation objectives for other goals of United States policy—and Iraq, Pakistan, and China are surely not the only examples—argues strongly against Congress granting more expansive waiver authorities.

Ever since their enactment 15 years ago, I have worked with my good friend, the distinguished chairman of the Foreign Relations Committee, to ensure that the Nation's weapons proliferation sanctions would serve as a significant deterrent to future illicit transfers of weapons of mass destruction or the means to manufacture them.

Given the growing public awareness of the dangers to our national security and foreign policy interests from terrorism, chronic human rights abuses, and the global spread of weapons of mass destruction, this is an ideal time for Congress to redouble its efforts to ensure that our sanctions laws and policies are as strong as they can be to cope with these new challenges. Acceptance of my amendment today would constitute a firm step toward accomplishing these goals.

In response to growing public concerns over human rights abuses and the global spread of weapons of mass destruction, Congress must act to ensure that our laws and policies are as strong as they can be to cope with the profound challenges that lie ahead. I ask all Members to join me in insisting on the application of our existing nonproliferation, human rights, and antiterrorism standards to the behavior of the new commonwealth republics. In light of the fearsome threats that lie ahead in those Republics, now is not the time to take the teeth out of our sanctions.

I believe this has been cleared on both sides, and the floor managers are prepared to accept the bill. I would be happy to have any comments that they might wish to make, or questions they might wish to ask at this time.

Mr. President, I ask unanimous consent that Senator SIMON be added as a cosponsor of this amendment.

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

Mr. SIMON. Mr. President, I am proud to be a cosponsor of this amendment, which improves the bill as passed by the Foreign Relations Committee, on which I serve.

This amendment is mostly about the fairly permissive waiver authorities granted in this bill, and it is an attempt to strengthen these waivers by bringing them into line with current law.

The existing waiver authority in current law is much stricter than that contained in the Freedom Support Act, and it is this existing waiver authority that we ought to stick with; this whole matter was the subject of some debate in the committee deliberations, and I think it fair to say that there was some uneasiness among us about granting such broad waiver authority to any administration.

This amendment does several things: No. 1, it broadens the existing provision on nuclear detonations in order to more fully reflect current law—sections 669 and 670 of the Foreign Assistance Act, which say that you can't get U.S. foreign aid if you: (a) Are a non-nuclear-weapon state and you detonate a nuclear explosive device; or (b) if you transfer a nuclear explosive device to, or receive a nuclear explosive device from, a non-nuclear-weapon state.

No. 2, it brings the waiver authority in section 5(b) into line with existing law on these matters; No. 3, it provides for congressional review of any waiver actions through the joint resolution of disapproval process; and No. 4, in section 13(c), where there is a second and very broad waiver authority in this bill, we say the administration cannot waive section 5(b) of this act as we have amended it. In other words, the Executive cannot undermine what we are doing in the first part of the Glenn-Simon amendment by simply waiving this new, more restrictive waiver authority.

Finally, Mr. President, I would like to commend my good friend, Senator JOHN GLENN, for this work on this amendment. He is unequaled in this body in his knowledge and expertise in this whole area of nuclear nonproliferation. I think we have tightened up these waivers, brought them into line with the normal procedures, and given us a better bill.

Mr. LUGAR addressed Chair.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, we support the amendment by the distinguished Senator from Ohio, and are prepared to accept it on this side of the aisle.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. PELL] is recognized.

Mr. PELL. Mr. President, I join in supporting this amendment. I thank the Senator from Ohio for his willingness to modify his original amendment, and I recommend passage of it as modified.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Ohio.

The amendment (No. 2717) was agreed to.

Mr. GLENN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. MCCAIN. Mr. President, I accept the premise that the United States has a compelling self-interest in seeing that the societies of the former Soviet Union become members of the family of peaceable, democratic, free market nations. I believe that our assistance in that endeavor would be a wise investment. However, I am skeptical about much of what is done in the name of foreign aid. In any consideration of assistance to the former Republics of the Soviet Union, our first priority must be to hasten the development of democracy and free markets in those countries. If we fail to achieve this objective, all our assistance, humanitarian and otherwise, will amount to little more than Band-Aids for dysfunctional societies which are deteriorating into chaos.

On June 14, Michael Dobbs of the Washington Post wrote that:

* * * arguably, what did not change in Russia over the past year was as significant as the stunning changes that did occur. * * * The offices, of course, have all been renamed. The Soviets, or organs of local government, have taken over the property of the banned Communist Party. The state distribution network has spawned thousands upon thousands of "commercial organizations." But for the most part, its the same old faces behind the same old desks.

I doubt that the new democrats of the former Soviet Union will be able to make effective use of our economic assistance in ways that serve the interests of their people and ours unless the political and economic institutions of these societies are rebuilt from the bottom up—until we see new faces behind different desks. I am very concerned that the grants, loans, and credits which we may provide these newly independent nations will, in reality, be controlled by the very people who most resist a thoroughgoing reconstruction of these societies.

My concern could lead me to simply oppose aid to the former Soviet Union, and I admit to that temptation. But there is another, wiser approach, which is to persuade those who manage our aid program to use the resources we make available to further the process of institutional reconstruction in the former Soviet Union.

That is why Senators ROBB, MCCONNELL, and I introduced the Democracy Corps Act of 1992, with the support of Senators DOLE, D'AMATO, MURKOWSKI, HATCH, and CONRAD. Our bill would create a coordinating body to send Americans with experience in building and managing the critical institutions of a free society to local areas throughout the vast expanse of the Commonwealth of Independent States to help local supporters of democracy and free enterprise create the new institutions that their people need and desire.

I am pleased that the House Foreign Affairs Committee by a unanimous vote incorporated an excellent version of the Democracy Corps concept into the aid legislation it reported to the other body. The Senate Foreign Relations Committee, working with great speed, has also done an impressive job in clearly setting forth the purposes for which we intend our assistance to be used. But I would be extremely grateful to the distinguished chairman of the Committee, the Senator from Rhode Island, and my friend from Indiana for their clarification about some matters which have importance.

First, will this legislation encourage Americans who have hands-on experience in the workings of civic organizations, local government, the adjudication of civil disputes, and other forms of public administration to provide their expertise to those individuals who are trying to create democratic institutions in the former Soviet Union?

Mr. PELL. Under the provisions of the bill, this could certainly be the case.

Mr. MCCAIN. And would it be possible under this legislation to create local centers, which would serve as clearing houses of information and provide logistical support for Americans and others who are working with local democrats to assist democratic development?

Mr. LUGAR. It does indeed provide for the creation of such centers.

Mr. MCCAIN. Would such centers necessarily be official arms of the U.S. Government or could they be managed by an entity that would allow us to truthfully assert that these centers are there simply to encourage democracy, and not to serve any other interests of the U.S. Government?

Mr. PELL. The centers would not necessarily be formally affiliated with the Government of the United States.

Mr. MCCAIN. Would there be a major role in the programs envisioned in this legislation for nongovernmental organizations: for example, for ethnic and national heritage groups such as Ukranian-Americans, Baltic-Americans, or Armenian-Americans; for organizations from the legal, accounting, and public administration professions; for groups affiliated with the National Endowment for Democracy; and for independent humanitarian, educational, relief, and development organizations which are already spending billions of privately raised dollars in the region?

Mr. LUGAR. That is exactly the idea.

Mr. MCCAIN. Would it be possible to have some funds made available for small and very prompt grants to meet local needs? Won't we save money and minimize the possible misuse of these funds if Americans are working at local levels and can help pay for things like telephone lines and copying machines when and where they are needed, rather than hope that these things will trickle down from funds given to central governments in Kiev or Moscow?

Mr. PELL. This legislation would allow for just such an opportunity.

Mr. MCCAIN. Finally—and I am grateful for the Senator's patience—could these funds be used to foster greater coordination among the agencies of our own Government like AID, the Peace Corps, USIA, the Agriculture Department, and others, as well as the Institutes of the National Endowment for Democracy, and the many private organizations active in this field? If we do not foster greater coordination won't we run the risk of allowing some very wasteful duplication of our efforts?

Mr. PELL. I share the Senator from Arizona's concerns, and I believe this legislation is responsive to those concerns.

Mr. LUGAR. I, too, am confident that the Freedom Support Act addresses the concerns of the Senator from Arizona.

Mr. MCCAIN. Mr. President, I thank my friend from Indiana for his helpful clarifications of these important questions.

AMENDMENT NO. 2718

Mr. LUGAR. Mr. President, I send to the desk an amendment on behalf of the Senator from Kansas [Mr. DOLE], and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. DOLE, proposes an amendment numbered 2718.

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

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

The amendment is as follows:

On page 33, after line 18, insert the following: "to improve the quality and availability of health care for citizens of the Independent States of the former Soviet Union, with particular emphasis on infants, children, and people with disabilities. Up to $2,000,000 is authorized to be appropriated for the purposes of establishing programs that:

Support sister hospital expansion programs;

Promote program development for neonatal pilot projects and training of medical professionals; and

Promote greater institutional development".

Mr. DOLE. Mr. President, I rise to offer an amendment which supports the efforts of the Heart-to-Heart International Children's Medical Organization.

The mission of this organization is to improve the quality and availability of health care for citizens of the Independent States of the former Soviet Union. The amendment is designed to foster self sufficiency in the medical professions in targeted areas throughout the Commonwealth of Independent States [CIS].

Heart-to-Heart was established because of a desire to help Maria Senotova, a 7-year-old Russian girl from St. Petersburg, who had a life-threatening heart condition. The type of care Maria needed was simply unavailable in her homeland. Subsequently, the founding members of Heart-to-Heart made arrangements to bring Maria to Children's Hospital in Oakland, CA, for her lifesaving heart surgery.

Heart-to-Heart's initial focus was to establish the first pediatric care center and treatment facility for infants and children anywhere in the former Soviet Union. However, Heart-to-Heart founders have recently been faced with an increasing and urgent appeal to assist and treat the adult and elderly patient population as well.

My amendment authorizes funding to expand the delivery of health care programming through the provision of medical services and training in the CIS. Heart-to-Heart's successful track record in the establishment of a model program in St. Petersburg and the quality of their service delivery system is widely respected. The esteem which Heart-to-Heart is held throughout the health care and humanitarian aid circles in the United States and CIS, is evidenced by the widespread requests for services and assistance.

When the Iron Curtain fell, a tragic and gross pattern of official neglect for citizens with physical and mental disabilities was discovered. Arguably, there is no more important foreign assistance issue than helping other countries to develop more humane and responsive policies and services for their citizens.

The United States enacted the landmark Americans With Disabilities Act [ADA] of 1990. The ADA, which is the most comprehensive disability law to receive consideration anywhere in the world, ensures the inclusion of millions of citizens with disabilities into American society. It is our duty to provide assistance to other nations as they struggle to design medical and rehabilitation services for their citizens with disabilities.

We have a responsibility to help these emerging Indpendent States ensure that their citizens needing urgent health care assistance have the opportunity to access such services.

My amendment, which authorizes $2 million for health care development funds will expand institutional development—establish a sister hospital expansion program and fund development of a neonatal pilot project in St. Petersburg.

Mr. President, I urge my colleagues to join me in supporting this important amendment which invests in the people of the CIS.

Mr. LUGAR. Mr. President, this is a Dole amendment with regard to infant health care which has been accepted on both sides of the aisle.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Kansas.

The amendment (No. 2718) was agreed to.

AMENDMENT NO. 2719

(Purpose: To provide for environmental protection in the Republics of the former Soviet Union)

Mr. LUGAR. Mr. President, I send an amendment to the desk on behalf of the Senator from Wisconsin and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. KASTEN, proposes an amendment numbered 2719.

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

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

The amendment is as follows:

Page 3, add the following new paragraphs to section 2 Findings:

(5) serious environmental problems now exist within Russia and the other independent states of the former Soviet Union, including problems with depleted fisheries; heavily polluted rivers, lakes and groundwater; contamination from both civilian and military nuclear programs; and degraded farmland and forests; but that not withstanding the extent of these environmental problems, many forests, rivers, lakes, and watersheds are relatively undisturbed and are of great scientific and educational value and furthermore the region includes the largest virgin forest remaining on the Earth; and

(6) aid to Russia and the independent states of the former Soviet Union be carried out in such a way that avoids the degradation of the relatively unpolluted and undamaged natural resources, that affirmatively promotes the protection of critical lakes, rivers, watersheds and that is not used to finance unsustainable exploitation of forests or large-scale engineering projects which have significant adverse environmental impacts.

Page 29, under (b) INELIGIBILITY FOR ASSISTANCE and the following new paragraph:

(6) has failed to take constructive actions to protect the international environment, prevent significant transborder pollution, and to promote sustainable use of natural resources.

Page 35, line 7, add the following new paragraph (F) under section 7 Types of Activities:

(F) to preserve relatively undamaged rivers, lakes, forests, and other areas of special environmental significance.

Mr. KASTEN. Mr. President, much has been said about the terrible environmental problems in the former Soviet Union. The Republics, however, are also the inheritors of some of the world's most spectacular natural resources.

My amendment provides that aid to Russia and the independent States of the former Soviet Union be carried out in such a way that avoids the degradation of those resources.

The amendment provides for protection of the relatively unpolluted and undamaged natural resources, that affirmatively promotes the protection of critical lakes, rivers, watersheds and that is not used to finance unsustainable exploitation of forests or large-scale engineering projects which have significant adverse environmental impacts.

The largest stand of virgin forest remaining in the world today is in the former Soviet Union. There is considerable pressure to commence what has been described as "the big cut."

This amendment does not prohibit the use of those forests. In fact, it recognizes that logging is often appropriate.

The amendment assures that our foreign aid dollars do not support unsustainable development or short term exploitation of critical natural resources like forests.

Mr. LUGAR. Mr. President, the amendment deals with protecting natural resources in the former Soviet Union. It has been accepted on both sides of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment (No. 2719) was agreed to.

AMENDMENT NO. 2720

Mr. LUGAR. Mr. President, I send to the desk an amendment on behalf of the Senator from California [Mr. CRAN-

STON], and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. CRANSTON, proposes an amendment numbered 2720.

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

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

The amendment is as follows:

Page 31, on line 10, insert after "programs", the following language, "for these Republics and the nations of Eastern Europe."

Mr. CRANSTON. Mr. President, my amendment would extend to the countries of Eastern Europe the necessary authority to conduct administration of justice programs this bill already offers to the Republics of the former Soviet Union.

Mr. President, it is my understanding this language has been cleared by both sides. I also point out that it is fully in keeping with language contained in last year's foreign aid bill, which was passed twice by this house.

Mr. President, I also ask that a menu of administration of justice programs under consideration by the administration be printed in the RECORD.

I might add that the authorities granted under this new language were included in my omnibus Eastern European security assistance bill I offered together with the distinguished senior Senator from South Carolina [Mr. THURMOND] and others early last year.

This effort was opposed by the administration, and in particular by Robert Barry, the State Department's special adviser for East European assistance. At the time, Mr. Barry's response to our effort was that Eastern Europe did not need such assistance.

I am pleased to report that the administration is now on board. I hope this re-examination of the importance of administration of justice issues will extend to Africa, Asia and other parts of the globe as well.

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

DEPARTMENT OF JUSTICE,
Washington, DC, June 23, 1992.

Hon. ROBERT BARRY,
Special Advisor for East European Assistance, Department of State, Washington, DC.

DEAR AMBASSADOR BARRY: As requested by Deputy Secretary Eagleburger in our meeting last week, the Department of Justice proposes the ideas attached hereto, in priority order, for SEED funded criminal justice/law enforcement training and assistance to Poland and Hungary.

The first ten proposals; though, of varying scope, duration and cost, are each "stand alone" individual initiatives. In addition, I have asked DOJ's International Criminal Investigative Training Assistance Program (ICITAP) to provide a proposal for a long range comprehensive training initiative in Poland and Hungary, based on the work they have done with AID and State in Latin America. That proposal is item XI.

After you have reviewed these with the Deputy Secretary, I look forward to discussing them further, and am prepared to jointly brief appropriate Members of Congress on the proposals agreed to.

I believe these proposals are well conceived as an augmentation of the role which the Department of Justice is eager to play in Eastern Europe. As we discussed in our meeting, their implementation is consistent with the policy goals of the SEED program, and would be a major contribution to the development of democracy in the region as well as the successful privatization of, and foreign investment in, the region's economies.

Yours sincerely,

DREW C. ARENA,
Director,
Office of International Programs.

PROPOSED IDEAS FOR CRIMINAL JUSTICE/LAW ENFORCEMENT TRAINING

I. POLAND & HUNGARY

U.S./German Conference on Eastern European organized crime, focusing on international auto theft and drug trafficking and coordination of assistance and training to combat them. Ambassador Kimmitt and Attorney General Barr have discussed holding such a conference, with participation by Criminal Division, FBI and DEA instructors for investigators, prosecutors, and investigating magistrates from Poland and Hungary to address these problems which directly impact on both the U.S. and Western Europe and involve emerging organized crime groups from Eastern European and the Former Soviet Union. Embassy Bonn is following up with the German Interior Ministry to see if they wish such a conference to include participation by other West European providers of law Enforcement assistance.

Estimated Cost: One week conference using German conference facilities; Eastern Europeans provide students' travel/per diem: $35,000.

II. POLAND

FBI assistance to instructor personnel at the Polish National Police (PNP) Academy in developing courses which address organized criminal groups involved in multi-faceted criminal investigations. Two agents, each versed in organized crime and financial crime matters, would be required to assist in this effort. (Assuming a two-week effort to determine the objectives of such a course, and thereafter design an appropriate model, costs would approximate $7,000. This assumes that no additional interpreter/translator costs would be incurred.)

III. POLAND

One week conference for 30-35 Polish prosecutors and judges on types of fraud and white collar offenses likely to appear in Poland's fledgling free market economy. Topics would include techniques that Western prosecutors use to combat such crimes; the modern prosecutor's role, and effective prosecutor-agent coordination in complex, document-intensive fraud investigations involving multiple domestic jurisdictions as well as foreign countries. Operation of a free market economy and the international banking system. Legitimate vs. fraudulent business and banking practices. White collar crime, especially bank, check, and credit card fraud. Bankruptcy fraud. Conspiracy. Laundering of proceeds of fraud. Tracing and documentation of transactions involving telephone, telefax, bank wire transfers, counterfeit currency and forged documents, etc. Correlation of evidence from multiple jurisdictions in complex cases. Organizing evidence in complex cases for presentation to court. International judicial assistance; extradition.

Approximate Project cost: One week conference in Warsaw (Using Polish Government conference facility; Polish Government provides students' transportation/per diem): $34,690.

IV. HUNGARY

In late June 1992, at the invitation of the Chief of the Hungarian National Police (HNP), Agents from the FBI will assess the training needs of the HNP in the areas of organized crime, money laundering, and drugs. It is anticipated that the needs in these areas will be similar to those found during the assessment trip to Poland.

Although training in this area has not been finalized, it is anticipated that in addition to the one-week assessment trip, three one-week training sessions for HNP personnel working organized crime/drug matters and one-week post-training and follow-up evaluation session will be needed. Estimated cost for each session is approximately $8,000, which totals $40,000 for this initiative.

V. HUNGARY

One week Criminal Division sponsored conference for 30-35 Hungarian prosecutors and judges on types of fraud and white collar offenses likely to appear in Hungary's developing free market economy; techniques used by Western prosecutors to combat such crimes; the modern prosecutor's role, and effective prosecutor-agent coordination in complex, document-intensive fraud investigations involving multiple domestic jurisdictions as well as foreign countries. Operation of a free market economy. Legitimate vs. fraudulent business and bank practices. White collar crime, especially bank, check, and credit card fraud. Bankruptcy fraud. Conspiracy. Laundering of proceeds of fraud. Tracing and documentation of transactions involving telephone, telefax, bank wire transfers, counterfeit currency and forged documents, etc. Correlation of evidence from multiple jurisdictions in complex cases. Organizing evidence in complex cases for presentation to court. International judicial assistance; extradition.

Approximate project cost: One week conference in Budapest (Using Hungarian Gov't conference facility; Hungarian Gov't provides students' transportation/per diem): $36,890.

VI. POLAND

FBI courses in the United States for PNP Academy staff, Warsaw Metro Police and selected mid- and upper-level police managers. This initiative could also include representatives from other emerging democracies. (In order for such an initiative to be successful, funding to pay for travel for participants would be required. Assuming two two-week sessions per year of approximately 30 attendees at each session, travel costs would approximate $78,000. Cost for lodging and meals at the FBI Academy would be negligible).

VII. POLAND

The Minister of Justice has also requested FBI assistance in the areas of training for Polish prosecutors on the U.S. Criminal Justice System; computer crime investigations; banking, check kiting and credit card fraud; conflict of interest laws; drug investigations; corrupt infiltration of public and private entities. and extensive forensic training including DNA technology.

In addition to formal training courses, many of these needs can be met through small group exchange programs. Assuming ten such exchanges per year, involving four individuals for each way per exchange for a two-week period, costs would approximate $280,000 for a total of 80 officials. Such a program could also include state/local law enforcement personnel from the United States working in cooperation with FBI Agents as part of the training process in Poland. Such an initiative could be beneficial in providing the necessary follow-up to classroom instruction, as well as proving the vehicle to evaluate the need for continued training in specific areas.

VIII. POLAND

Interpol National Central Bureau (NCB), Warsaw is an important player in the exchange of investigative information and evidence. Its Chief believes that it would be valuable to send at least one of his English-speaking officers to Interpol USNCB, to study the management of a Western Interpol office with which Warsaw has a heavy volume of cases.

The present proposal includes sending a representative of Interpol USNCB to Warsaw for one week to determine needs: (Bill Slowinski, State Liaison Division, USNCB, is of Polish extraction. He made contact with Interpol NCB, Warsaw, and other Polish police authorities when on personal travel to Poland last year. Slowinski wants to further the development of USNCB's relationship with Poland's NCB).

The Criminal Division proposes that the Chief, Interpol NCB, Warsaw, or his designee come to USNCB for at least one week to study its management. The number of Polish Interpol officers travelling to the U.S. and the length and agenda for such travel would be subject to the recommendation of USNCB. The General Counsel, USNCB, favors such a program. The Criminal Division would also provide training and training materials concerning white collar crime; international judicial assistance; and Interpol's role in extradition.

Approximate project cost: U.S. representatives in Warsaw $4,500; Polish representatives in U.S. $9,000.

IX. HUNGARY

Up to three English-speaking Hungarian prosecuters to come to the United States for up to a month for overview of white-collar case investigation and prosecution from federal prosecutor's point of view. Operation of a free-market economy. Distinguishing fraudulent from legitimate business transactions; indicia of fraud. Civil vs. criminal fraud. Federal criminal fraud law. How fraud and other white-collar cases come to the attention of federal criminal authorities; prosecutor agent cooperation in complex cases; use of investigative task forces; contempt of court and perjury sanctions as support for investigation; obtaining, organizing, and evaluating documentary evidence of fraud and tracking of funds; decision to ask for indictment; preparing to meet defenses bases on business judgment or lack of intent to defraud.

Approximate project cost, including international and domestic travel; per diem, training costs and materials: $10,000 ea.

X. POLAND

Up to three English-speaking Polish prosecutors to come to the United States for up to a month for overview of white-collar case investigation and prosecution from federal proseutor's point of view. Operation of a free-market economy. Disintguishing fradulent from legitimate business transactions; indicia of fraud. Civil vs criminal fraud. Federal criminal fraud law. How fraud authorities; prosecutor-agent cooperation in complex cases; use of investigative task forces; contemp of court and perjury sanctions as support for investigation; obtaining, organizing, and evaluating documentary evidence of fraud and tracing of funds; decision to ask for indictment; preparing to meet defenses based on business judgment or lack of intent to defraud.

Approximate project cost, including international and domestic travel; per diem; training costs and materials: $10,000 ea.

ICITAP—PROJECT PROPOSAL FOR EASTERN EUROPE (POLAND AND HUNGARY)

Established in 1986, the International Criminal Investigative Training Assistance Program (ICITAP) is charged with enhancing investigative capabilities in democracies throughout Latin America and the Caribbean. Authority for Administration of Justice activities involving foreign police agencies is derived from Section 534 (b)(3) of the Foreign Assistance Act of 1961, as amended. Programs and activities focus on three specific areas: (1) enhancing professional capabilities to carry out investigative and forensic functions; (2) assisting in the development of academic instruction and curricula for law enforcement personnel; and (3) improving the administrative and management capabilities of law enforcement agencies, especially their capabilities relating to career development, personnel evaluation, and internal discipline procedures. In special situations such as Panama and El Salvador, ICITAP has received additional authority to assist in creating and supporting professional civilian police forces. In addition to its regional activities, ICITAP is pursuing major police development projects in Panama and El Salvador, and is heavily involved in Colombia with criminal justice reforms, coordination of criminal investigative capabilities, and judicial protection.

Many of the conditions endemic to the Western Hemisphere are becoming more prevalent in Eastern Europe as new democracies struggle to survive. Crime is rising. Trafficking in scarce goods and extortion of private citizens and foreign businessmen are on the rise. A disproportionate rise in the number of bank and post office robberies, as well as thefts of art and cultural heritage items from museums, galleries, churches or homes, has been reported. While the extent of the drug problem is yet unknown, there is reason to believe that it is also increasing. These are indications that organized crime, both nationally and internationally, is becoming a serious concern. Also, as is the case in the Western Hemisphere, tough working conditions and low pay have affected morale and triggered a tidal wave of police dishonesty.

At this time, all Eastern European countries need assistance in building criminal justice systems that are grounded in democratic principles; they need to improve investigative and support functions emphasizing respect for the rule of law as well as respect for internationally recognized human rights. Programs analogous to ICITAP initiatives in the Western Hemisphere are needed to enhance professional capabilities in policing, investigations and forensics; to improve the administrative and management capabilities relating to career development, personnel evaluation, and internal discipline procedures; and to develop judicial protection capabilities.

ICITAP is uniquely qualified among U.S. agencies to provide this very specialized assistance to Eastern Europe as part of the overall U.S. assistance effort. Program strategies successfully applied in Western Hemisphere countries undergoing change from totalitarian/military governments to democratic principles can be directly transferred to Eastern Europe. A proposal for police assistance to Poland and Hungary follows:

POLAND/HUNGARY

Objective: To strengthen the investigative, forensic, and policing skills and capabilities of law enforcement institutions, with emphasis on the rule of law and internationally recognized human rights standards.

Proposed activities:	*Dollars*
1. Provide a multi-tier training program addressing all levels of police, to include civilian policing techniques and methodologies, criminal investigative techniques, police supervision and management, and forensics (see attachment A for exemplary list of training courses).	$3,400,000
2. Assess police training institutions, their curricula, and training programs with a view toward designing a comprehensive training program and long-range technical assistance strategies.	750,000
3. Evaluate law enforcement institutions, including their legislative authority, reporting relationships to other criminal justice components, policies and procedures, and recruitment, selection, and promotion standards, and recommend organizational and structural changes to enhance operations.	1,140,000
4. Conduct assessment of forensic capabilities and provide appropriate training, technical assistance, and donations of equipment, supplies, and materials to police laboratories.	1,800,000
5. Support the development of institutional accountability systems (i.e. Office of Professional Responsibility, Inspector General) within existing law enforcement institutions to address rising levels of corruption and enhance public image.	600,000
6. Establish mechanisms to strengthen levels of cooperation and coordination among the various criminal justice components.	310,000
Total[1]	8,000,000

[1] Reflects per country cost.

EXEMPLARY COURSE LIST FOR EASTERN EUROPEAN COUNTRIES

	Number of courses	Duration (in weeks)	Number of students	Total students	Total weeks of training
I. Investigative Development					
Investigative skills:					
General criminal investigations	3	5	28	420	2,100
Interviewing and reportwriting	2	2	28	112	224
Crime scene search	1	2	28	56	112
Violent personal crimes	1	2	28	56	112
Vehicle thefts	1	1	28	28	28
Overview of investigative techniques	1	2	50	100	200

EXEMPLARY COURSE LIST FOR EASTERN EUROPEAN COUNTRIES—Continued

	Number of courses	Duration (in weeks)	Number of students	Total students	Total weeks of training
Case management	1	1	28	28	28
Managerial skills:.					
Coordination of criminal investigations	1	1	28	28	28
Managing criminal investigations	1	2	298	56	112
Police administration and supervision	1	2	28	56	112
Police/community relations:					
Human dignity	2	1	28	56	56
White collar crime:					
Money laundering and financial crimes	3	1	28	84	84
Judicial protection:					
Techniques of protection	1	2	28	56	112
Kidnapping and extortion	1	2	28	56	112
Threat evaluation and investigation	1	2	28	56	112
Internal affairs:					
Professional responsibility/police integrity	1	3	28	84	252
Investigative development: Totals	22	.....	.....	1,332	3,784
II. Police Development					
Police skills:					
Preventive patrol techniques	2	1	28	56	56
Accident investigations	1	2	28	56	112
Supervisory and managerial skills:					
Human dignity	1	1	28	28	28
Command officer course	1	5	28	140	700
Police administration and supervision	1	2	28	56	112
Special police operations:					
Urban disorder training	1	2	28	56	112
Incident management seminar	1	1	28	28	28
Tactical team management	1	1	28	28	28
Hostage negotation	1	1	28	28	28
Police development: Totals	10	.....	.....	476	1,204
III. Forensic Development					
Forensic skills:					
Crime scene specialists	1	2	20	40	80
Mass disaster seminar	1	1	28	28	28
Document examination	1	2	20	40	80
Internships	.....	12	3	3	36
Forensic development:.					
Totals	3	.....	.....	108	188
IV. Scholarships and Conferences					
FBI national academy	.....	.....	2	2	.....
National conference of criminal justice officials	.....	.....	20	20	.....
Scholarships and conferences: Totals	.....	.....	.....	22	.....
All Training: Totals	35	.....	.....	1,938	5,176

Note: This course list reflects proposed training activities for a single country and should be multiplied, as necessary for other countries.

Note: ICITAP strongly encourages the inclusion of judges and prosecutors in each course to familiarize them with investigatory responsibilities and capabilities of the police, for their contribution of legal expertise, and to enhance relations among members of the criminal justice sector.

DESCRIPTION OF ICITAP COURSES

Advanced criminal investigations (ACI): This is a four-week course for experienced investigators who have previously taken the GCI and are currently working as investigators. The course will build upon techniques learned in the GCI and will utilize practical exercises and case studies to demonstrate the application and value of physical and testimonial evidence. The course is composed to two weeks of crime scene search and two weeks of interviewing and report writing. Course topics include: fingerprint techniques; photography; trace evidence; location and exhumation of clandestine graves; investigation of arson and explosions; class and individual characteristics of evidence; document examination; interviewing techniques; and report writing. Participants from the courts and/or prosecutor's office are enlisted to provide presentations throughout the course on the local legal considerations and background of various topic areas.

Case management: This one-week course is designed for mid-level police managers and supervisors and prosecutors. Course topics include screening and analyzing cases after the initial investigation, and developing procedures for improving the efficiency and effectiveness of criminal investigations. Students participate in practical exercises in which they evaluate cases in the context of a case management system.

Coordination of criminal investigations (CCI): This one-week course is designed for police executives, prosecutors, and judges whose responsibilities include criminal investigations. Participants should have a basic understanding of crimes, the investigative process, elements of criminal activity, rules of evidence, record systems, and case information systems. Course emphasizes ethics, investigative procedures, management control over investigations, timely investigations, thoroughness in reporting, and uniformity of procedures. The course will demonstrate effective procedures for enhancing the coordination of criminal investigations between administration of justice components, through the use of practical exercises, lectures, and individual consultations.

Command officers course: The Command Officers Course, taught in Panama, is divided into the following one-week segments: (1) the environment of policing, (2) police management concepts, (3) managing resources, (4) relationships, and (5) GOP administration and operations. The fifth week is presented exclusively by GOP officials and covered management, fiscal controls, GOP organization and inter-institutional operations, and Panama's criminal justice system, constitutional law, and legal code. These Panamanian instructors are professionals from the Ministry of Planning and Economic Policy, Public Ministry, and University of Panama. Additionally, a physician of the Institute of Legal Medicine provides a block of instruction on forensic medicine as it relates to the crime scene.

The instruction comprises lectures, discussion, extensive reading assignments, case studies, oral presentations, and practical exercises to help students better understand the complex nature of police management. In this demanding course, Panamanian police command officers learn concepts related to their daily activities as civilian police managers which will enable them to better determine organizational and community requirements for delivering law enforcement services.

Crime scene search (CSS): This two-week course is designed for investigators, prosecutors, and judicial personnel responsible for collecting and preserving evidence at the crime scene. Among the topics covered are an introduction to forensic science, crime scene management, chain of custody, the use of photography in criminal investigations, fingerprint development and identification, blood stain evidence, toolmark identification, questioned documents, and casting of physical evidence. Host country medical examiners also provide a segment on the role of legal medicine in criminal investigations and how investigators can assist medical examiners, and vice versa.

General criminal investigations (GCI): The five-week GCI is designed for participants who have never received basic criminal investigative training but who are currently or will be assigned to investigative units. It is a comprehensive introduction to investigative techniques and procedure. The GCI covers the three main areas of crime scene processing, interviewing techniques, and case management. Course topics include: photography; fingerprinting techniques; crime scene search and protection; crime scene sketching; collection and preservation of evidence; interviewing; report writing; police/community relations; criminal behavior; and case management.

Incident management seminar (IMS): This four-day seminar is for senior government officials, including those engaged in law enforcement. Seminar provides participants with information, as well as hands-on training, on the proper response to and resolution of critical incidents or unusual occurrences such as emergencies, civil disturbances, hostage situations, and others. Seminar provides the foundation for further training on advanced crisis management concepts, including negotiation and arbitration.

Hostage negotiation: This one-week course provides general knowledge in hostage negotiation for hostage negotiators. Ideally, the course would be attended by no more than 20 mid-level or lower ranked police participants who would not form part of the core hostage response team, inasmuch as in a hostage situation negotiators should be separate from the other aspects of such investigations. Candidates should demonstrate an ability to deal effectively with people, and a natural propensity for persuasive mediation.

Human dignity: The objective of this course is to raise and reinforce ethical and moral values within the individual police of recipient countries. This program seeks to provide training that will impact on the issue of human rights, but without giving the impression that all course recipients are being targeted as potential or actual human rights violators. The course stresses the minimum threshold of human dignity that cannot be compromised regardless of culture, language, social or political conditions. The minimum standard is established at the beginning of each course with student input. The intended recipients are foreign police officers. Ultimately, the intent is to incorporate the training into local law enforcement academy curricula. The course was developed in cooperation with John Jay College of Criminal Justice in New York.

Interviewing and report writing (IRW): This course is designed for police, judges, and prosecutors involved in criminal investigations. The interviewing component provides students with proper investigative skills and professional comportment techniques required in conducting interviews of victims, witnesses, suspects, and others. The report writing phase provides skills needed to compose comprehensive investigative and prosecutive reports. Fundamental rights are stressed throughout the course. In Panama this ICITAP course has been modified to include a moot court exercise, which takes a criminal case from the initial investigative

stages through to its conclusion in a court of law. The value of this process lies in that participants can better appreciate the criminal justice process as a whole, gain insight into their respective roles, and determine how to improve their performance. Students participate in criminal case scenarios as trial attorneys, prosecutors, judges, members of a jury, witnesses, and suspects. Participants recognize the crucial correspondence required between testimonial and physical evidence and the importance of complete, precise, and valid investigative reports becomes clear as undocumented facts are disregarded. Discussions follow the exercises, which serve to illustrate procedural problems to participating investigators, attorneys, and judges.

Kidnapping and extortion: This two-week course prepares criminal investigators to organize, evaluate, and report their findings in kidnapping and extortion cases. Course topics include an introduction to kidnapping and extortion, administrative and supervisory aspects of cases, profile of kidnappers, compiling files on potential victims and subjects, solvability factors, and decision-making techniques.

Managing criminal investigations (MCI): Topics in this one-week course include screening and analyzing cases after the initial investigation, developing procedures for improving the management of the continuing phase of a criminal investigation, and developing and implementing programs for improving the efficiency and effectiveness of criminal investigations. Students participate in practical exercises in which they evaluate cases in the context of an MCI system.

Money laundering and financial crimes: This two-week course for investigators, prosecutors, and judicial personnel involved in financial investigations includes an overview of financial crimes; tools of financial investigations, including sources of information, accounting for the non-accountant, securities and stock transactions, and bank records and electronic transfers; and techniques of financial investigations, including indirect methods of tracing funds, money laundering techniques, and financial interviewing. Practical exercises are offered throughout the course, both on an individual and group basis.

Overview of investigative techniques (OIT): This two-week course is designed for 40 to 50 judges, court officials, and prosecutors who are involved in directing or prosecuting criminal cases and who should know the value of physical evidence and techniques used by criminal investigators. Supervisory police officials who do not conduct criminal investigations but whose responsibilities require them to be familiar with investigative techniques, could also benefit. ICITAP prefers that in-country coordination for this course continue to be with the supreme court, since the majority of the participants will usually be from the judiciary. Course topics include: introduction to forensic science; processing the crime scene; collection and preservation of evidence; chain of custody; identification of human remains; questioned document examination; counterfeiting; sex crimes; latent fingerprints; sole and tire prints; report-writing; identification of trace evidence; bullet wounds; crime scene photography; serology; firearms and toolmark identification; arson investigations; toxicology; and the role of the medical examiner.

Preventive patrol techniques (PPT): Participants in this one-week course learn tactics for handling in-progress crimes such as armed robberies and domestic disturbances, and low-and-high risk vehicle stops. Lawful and appropriate use of police force and arrest and control procedures and tactics are covered, with emphasis on safety and respect for human rights. The PPT addresses the need for additional basic policing skills training.

Police administration and supervision (PAS): This two-week course is designed for mid-level and/or first line supervisors who have primary responsibility for directing personnel and ensuring their efficiency and productivity. One of the purposes of the course is to provide the student with management tools for effective interaction with superiors, subordinates, and contemporaries. Course material focuses on modern police administration; the role of the manager; motivational dynamics; police organization and planning; administrative communications; problem solving; leadership effectiveness; decision making; resource management; discipline and evaluation of personnel. In Panama the PAS will form part of the career development program for first and second lieutenants.

Professional responsibility and police integrity (PIR): This course is for experienced investigators and selected support personnel who will be assigned to an Office of Professional Responsibility upon completing the course. This course provides participants with pertinent information on how an office of professional responsibility (OPR) is established; ethics and standards required for law enforcement officials; a practical application of administrative procedures when conducting investigations of the police; exercises in preparing thorough and objective investigative reports; correct procedure and follow-up for the maintenance of OPR files and archives; and procedures for advising management on all aspects of an OPR investigation.

Techniques of protection (TOP): This two-week course teaches protective personnel the latest techniques and methods of protection, including managing protective details and conducting advances. Participants learn preventive protection techniques by analyzing international terrorist operations and case studies of assassinations and attempted assassinations.

Threat evaluation and investigation (TEI): This two-week course was designed to provide investigators and analysts with knowledge and techniques that will allow them to analyze a threat and determine what protective and proactive action is necessary, and thereafter to successfully investigate any related crime with the objective of bringing to justice the intellectual and material authors of the violations. Instruction is given in interviewing, including general considerations, lying and deception, psychology of interviewing, and the interviewer and the interviewee, as well as practical exercises in interviewing. Information is also presented on terrorism, terrorist profiles, terrorist trends, criminal profiles, and hostage rescue problems, with emphasis on threat assessment with regard to prediction of specific events according to the nature of the threat. Classes relating to evidence and crime scenes include collection and preservation of evidence that is typically recovered in threat situations; crime scene recording, searching, and reporting; and differential diagnosis of death. Recognition of explosives, management of cases, and practical crime scene exercises are also covered.

Urban disorder training: This one-week course stresses the importance of working with the community to avoid violent confrontations with demonstrators. Training includes practical exercises in line formations, disciplined approaches to crowds, and high-profile rescue efforts to free fellow officers or others caught in the midst of a crowd. The concept of a Mobile Field Force as a method of confronting urban disorder is discussed in detail.

Tactical team management: This one-week course focuses on dangerous arrests, barricaded subjects, and hostage rescues-situations beyond a police officer's normal activities. Participants learn the management and tactical implementation of these operations within a civilian policing context, as opposed to military standards. Physical and tactical techniques training is also included. A major portion of the course centers on the management of tactical operations and their utility within the context of emergency situation requiring much expertise. The police officer's obligation to respect the human and civil rights of those involved in situations requiring the use of tactical response teams is emphasized.

Vehicle theft investigations (VTI): This one-week course is intended for police officers assigned to investigate vehicle thefts and supervisory-level personnel whose primary responsibility is to coordinate vehicle theft investigations. Topics include: introduction to vehicle thefts, complex thefts, distribution of stolen parts, vehicle identification number (VIN) restoration, confidential VIN locations, vehicle theft professionals, record-keeping techniques, fraud operation rings and document falsification. Instructors are members of the U.S. National Auto Theft Bureau (NATB).

Violent personal crimes (VPC): This two-week course is for supervisors and experienced investigators assigned to investigate homicides and violent crimes, including sexual assaults. Topics include: crime scene management; recognition of differences in homicidal, suicidal, accidental and natural deaths; the role of the medical examiner; criminal profiling and psychology; interviewing rape victims; and investigating sexual assault cases.

Note: Courses are intended for 28 participants, 25 police and up to 3 judges and/or prosecutors. An exception is the Overview of Investigative Techniques course which has 40–50 participating judges, prosecutors, and police.

ICITAP strongly encourages the inclusion of judges and prosecutors in each course to familiarize them with the investigatory responsibilities and capabilities of the police, for their contribution of legal expertise, and to enhance relations among criminal justice sector members.

Mr. LUGAR. Mr. President, the amendment of the Senator from California authorizes legal training in Eastern Europe. It has been accepted on both sides of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment (No. 2720) was agreed to.

AMENDMENT NO. 2721

(Purpose: To express the sense of the Senate regarding assistance to Israel)

Mr. LUGAR. Mr. President, I send to the desk an amendment on behalf of Senator D'AMATO, for himself, Senators HELMS, PRESSLER, BROWN, and MACK, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. D'AMATO, for himself, Mr. HELMS, Mr. PRESSLER, Mr. BROWN, and Mr. MACK, proposes an amendment numbered 2721.

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

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

The amendment is as follows:

At the appropriate place, add the following:

Findings:

(1) the Bush administration has indicated its support in principle for the concept of providing appropriate assistance to Israel to help it meet the urgent humanitarian needs associated with the massive influx of immigrants from the former Soviet Union;

(2) the recent elections in Israel have generated renewed hope for productive discussions between the United States and Israel on the issue of providing such assistance; and

(3) in the aftermath of the formation of a new Israeli Government, the Bush administration should be given a reasonable period of time to explore and implement such discussions: Now, therefore it is the sense of the Senate:

(1) the Bush administration should pursue renewed, good faith discussions with the Israeli Government on the provision of the aforsesaid assistance, as soon as a new Israeli Government is formed and is fully functioning.

(2) while monitoring and encouraging such discussions, it is the intention of the United States Senate to take up and favorably act on legislation involving appropriate assistance to Israel to help it meet the needs generated by the influx of immigrants from the former Soviet Union before the adjournment of the 102d Congress.

Mr. D'AMATO. Mr. President, for decades, freedom of emigration for the Jews of the Soviet Union was a centerpiece of United States foreign policy. Today, thanks in part to the commitment of several administrations and successive Congresses, those Jews are no longer prisoners. But our mission on behalf of Soviet Jews is far from complete. A policy supporting free emigration to the Jewish State is meaningless if Israel does not have the means to provide for their resettlement.

The amendment I am offering today creates an enterprise fund for Israel. It is virtually identical to the amendment that Senator HELMS considered offering during markup of this bill in the Foreign Relations Committee. At the personal request of the Secretary of State, Senator HELMS agreed to postpone consideration of the amendment until this bill reached the Senate floor.

I am aware that the administration would prefer that I offer this amendment to another bill. But I believe that there is no more appropriate vehicle than this one. The bill before the Senate is intended to help the United States consolidate the gains of our policy toward the Soviet Union for the past 45 years. This amendment will complement that objective, by helping Israel absorb and resettle hundreds of thousands of new immigrants from the former Soviet Union.

Secretary of State James Baker, appearing on television recently, described the importance of the Russian aid package as folows: "Having fought the cold war and spent trillions of dollars to win it * * * we really should show that we'll be there for those people." Let me paraphrase the Secreary's statement and say that having fought for decades to free Soviet Jews, now that they are free, we must show that we are there for them too.

That being said, our obligations are clear. We must help the peoples of the former Soviet Union, but, and this is key, within the bounds of economic reality.

Four hundred and thirty-five thousand former Soviet Jews live in Israel, and we helped them get there. There are facing unemployment and despair. They too deserve our help—but again, within the bounds of economic reality.

Let me disgress a moment and tell you what I believe should be the guiding ethic for United States foreign aid; it's a Chinese proverb, and its says: "Give a man a fish and you feed him for a day. Teach a man to fish, and you feed him for a lifetime." Let's teach our friends and allies to fish.

That doesn't mean not helping out with humanitarian and emergency aid. It doesn't mean welshing on our commitments. But it does mean coming to an understanding of our financial limitations. And it does mean teaching our friends about what it is that America stands for: Self-sufficiency and free enterprise.

Some of the ideas I am talking about are reflected in this Russian aid package. All of the ideas I am talking about are reflected in the amendment I am offering to that package. The enterprise fund for Israel is a job creating, free enterprise pushing, self-sufficiency promoting, investment guarantee program for American businesses to start up operations in Israel. It is a no-cost program to encourage American businesses to invest in Israel.

This amendment authorizes up to $2 billion in loan guarantees for private sector projects in Israel. The fund will be administered through the Overseas Private Investment Corporation—known as OPIC. OPIC is a self-sustaining U.S. Government-created body designed to promote private investment in developing countries.

Let me explain for a second why OPIC. There are other enterprise funds—one for Poland and one for Hungary. They were created through the Support for East European Democracies—or SEED Act. They are publicly funded and they require appropriations of hundreds of millions of dollars. They are not administered through OPIC, which is in the business of using private capital. And private capital is what the enterprise fund for Israel is all about.

Here's how the fund would work: United States-owned companies, United States-based companies, United States-Israeli joint ventures and Israeli companies that pledge to buy 50 percent of goods and services from the United States may all submit project proposals for loan guarantees. These proposals will be reviewed by six-member board of directors comprised of four private American citizens and two private Israeli citizens.

If a project is approved, the fund is authorized to either directly loan or to guarantee a commercial loan to the investor. In the event an individual investor defaults, the enterprise fund will have recourse to the Government of Israel for repayment. In short, Mr. President, this proposal minimizes the risks to the American taxpayer while maximizing the opportunities for American investment.

The commercial loans involved would be guaranteed primarily by the Government of Israel, and the United States would be guarantor of last resort. This is unlikely to pose a risk to our budget—but it would help businesses get financing that might otherwise be unavailable. In addition, the minimal costs associated with making the loan guarantees would be borne by the borrowers.

Guarantees provided by the fund will be available through September 30, 1994. If the full $2 billion amount authorized is unobligated as of that date, any amount remaining would be carried forward to September 30, 1995.

The administrative and operating costs of the fund and its board will be paid for out of fees and interest payments. The terms of the loans will be similar to many official U.S. loan guarantee programs: a 30-year term, with payment of interest only in the first 10 years, and even payments of principal and interest in the remaining 20 years. Interest levels are based on prevailing market rates.

Unlike traditional foreign assistance programs, this proposal will stimulate growth in both Israel and the United States. The enterprise fund means exports for the United States and exports mean jobs.

I don't want to throw a bunch of meaningless figures into the air to prove my point. So I will limit myself to a couple of basic statistics. Israel imports about 40 percent of its investment goods—cars, electrical equipment, machinery, that kind of thing—from the United States. If 2 billion dollars' worth of new investment goes into Israel, that will mean—according to Department of Commerce figures—8,000 new American jobs. And in case some of us have forgotten in the fever over Russian aid—Americans need jobs too.

U.S. aid should promote self-sufficiency and private enterprise abroad,

but it must pay clear dividends at home. The secret to creating those dividends is the private sector. We should be mobilizing our own businesspeople and businesspeople overseas to exploit growth oportunities.

Mr. President, I emphasize that this proposal is not designed as a substitute for government-to-government loan guarantees. I am quite aware that many Senators are committed to direct loan guarantees for Israel. And I am confident that the Senate will consider that issue in the near future. But this amendment addresses a different problem: rather than helping the Government of Israel build housing, this fund will help new Israeli citizens obtain the means to build their own homes.

Direct government-to-government guarantees are a commitment by the Government of the United States to basically cosign on loans taken out by the Israeli Government. We don't actually lend Israel any money in that case either. But our guarantee enables the Israelis to get better terms on commercial bank loans. That borrowed money then goes on budget in Israel, and can be used—within certain prescribed limits—as the Israeli Government wishes.

The enterprise fund does not have any impact on the Israeli budget. The Israeli Government is not taking out any loans. There are people going around and insisting that my proposal is loan guarantees divided by five. I have heard that line I can't tell you how many times from the Department of State. I say to those who believe this is nothing but loan guarantees rehashed—read the amendment. Just read it. Then we can talk seriously.

The fund stands alone on the merits: jobs, growth, and free enterprise. We owe it to our ally to help it face the future. But we also owe it to ourselves to push privatization and economic self-sufficiency abroad.

However, Mr. President, elections were just held in Israel. The situation in Jerusalem remains fluid. In light of that situation, I have decided today to withdraw my original amendment and instead submit a sense of the Senate resolution encouraging—after a reasonable period—the Bush administration and the new Government of Israel to renew their discussions on some form of loan guarantees.

I am confident that the 102d Congress—this Congress—will act to provide assistance to our friend and ally at this historic moment. And I look forward to working seriously with the President and the Secretary of State toward that end.

Mr. PRESSLER. Mr. President, I am proud to join as a cosponsor of the amendment offered by my distinguished colleague from New York, Senator D'AMATO. Some may question what an enterprise fund for Israel has to do with this bill. Mr. President, I would argue that it is a very important part of any legislation designed to aid the development of democracy and freedom in Russia and the other countries emerging from what was the Soviet Union. It is important because it would help to bring freedom to what historically have been some of the most oppressed people of those nations.

For many years, the United States has advocated increased emigration of Jews from the Soviet Union to Israel. Until recently, Soviet policy prevented Jews from leaving. Now the situation has been reversed. The welcome disintegration of the Soviet regime has opened the door, giving these people the hope to live in Israel. More must be done if they are to have the chance to do so.

I believe the United States was correct to press for Soviet Jewish emigration. Having helped to create the refugee flow, this Nation has a moral obligation to assist in the absorption of those people into Israel. Israel is exerting a considerable effort to welcome these immigrants. However, it is experiencing great difficulty meeting all the challenges involved.

It is estimated that the resettlement effort may cost upward of $60 billion. Put another way, in 5 years the relocation effort could cost more than Israel's entire gross national product in 1991. By cutting Government social spending and diverting it to refugees from the former Soviet Union, and by increasing taxes and borrowing money, the Israeli Government has demonstrated its willingness to accommodate the newcomers.

This amendment would help private businesses create jobs in Israel—jobs desperately needed by those who are resettling in that country—jobs for those this country worked so long and hard to free from repression. Jobs would be created by the formation of new companies in Israel. The enterprise fund would issue loan guarantees against possible losses incurred by these new businesses. The primary guarantor of these loans would be the Government of Israel. The secondary guarantor would be the U.S. Overseas Private Investment Corporation [OPIC]. In other words, the amendment does a good job of insulating the American taxpayer from potential fiscal liability.

In addition, the amendment actually would benefit the U.S. economy. The enterprise fund would make available funds for eligible investors who put money into these startup companies. The term "eligible investors" is defined to include United States citizens, United States companies, United States-owned foreign companies, joint ventures including any of the foregoing types of investors, and privately owned Israeli companies that agree to procure 50 percent of projects goods and services in the United States. Thus, while Israel and the Jewish immigrants certainly would benefit from the enterprise fund, American businesses stand to gain a great deal, too.

Some have argued that any assistance given to Israel would only encourage that Government to expand settlements in Judea and Samaria, as well as Gaza. To this I would offer several comments. First, the amendment specifically provides that projects financed by the enterprise fund can be conducted only in geographic areas which were under the control of the Israeli Government prior to June 5, 1967. In addition, the fund would not be administered by the Government of Israel. Rather, the fund would be governed by a board of directors compromised of six members—four of whom would be private citizens of the United States and two of whom would be citizens of Israel. All directors would be appointed by OPIC. Also worth noting is the fact that the incoming new Government of Israel has indicated its intention to freeze expansion of what Prime Minister-elect Yitzhak Rabin calls political settlements.

In sum, Mr. President, this amendment helps continue the process of the emigration of Jews from the Soviet Union to Israel—a process the United States was instrumental in starting. This amendment does a good job of protecting American taxpayers from potential liabilities should any of the loans default. The enterprise fund created by the amendment would greatly benefit the U.S. economy. For these reasons, I urge its adoption by the Senate.

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

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LUGAR. 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. LUGAR. Mr. President, point of parliamentary clarification. Has the amendment by Senator D'AMATO been agreed to?

The PRESIDING OFFICER. That is the pending question. Amendment 2721, offered by the Senator from New York and others, is the pending question.

Mr. LUGAR. That has been cleared on both sides of the aisle.

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

The amendment (No. 2721) was agreed to.

AMENDMENT NO. 2722

(Purpose: To require the Secretary of Transportation to promulgate final regulations on airline computer reservation systems and slots at high density traffic airports)

Mr. LUGAR. Mr. President, I send an amendment to the desk for Mr.

MCCAIN, for himself and Mr. KASTEN, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. MCCAIN, for himself and Mr. KASTEN, proposes an amendment numbered 2722.

Mr. LUGAR. Mr. President, I ask unanimous concent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. .PROMULGATION OF FINAL REGULATIONS ON CERTAIN AVIATION ISSUES.

(a) REQUIREMENT TO PROMULGATE FINAL REGULATIONS BY SEPTEMBER 1, 1992.—After September 1, 1992, the Secretary of Transportation shall no longer have authority to regulate airline computer reservation systems if by September 1, 1992, either—

(1) the Secretary of Transportation does not promulgate final regulations governing airline computer reservation systems; or

(2) the Administrator of the Federal Aviation Administration does not promulgate final regulations on the allocation and transfer of airline slots at high density traffic airports.

(b) FEDERAL TRADE COMMISSION AUTHORITY.—

(1) AMENDMENT TO FEDERAL COMMISSION ACT.—Section 5(a)(2) of the Federal Trade Commission Act (15 U.S.C. 45(a)(2)) is amended by striking "air carriers and foreign air carriers subject to the Federal Aviation Act of 1958,".

(2) REQUIREMENT TO PROMULGATE FINAL REGULATIONS.—If the authority of the Secretary of Transportation to regulate airline computer reservation systems is no longer in effect as a result of the operation of subsection (a), the Federal Trade Commission shall promulgate final regulations governing airline computer reservation systems not later than December 1, 1992.

(c) EFFECIVE DATES.—The amendment made by susection (b)(1) shall take effect on September 2, 1992, but only if the authority of the Secretary of Transportation to regulate airline computer reservation systems is no longer in effect as a result of the operation of subsection (a). The other provisions of this section are effective to the date of exactment of this Act.

REQUIREMENT FOR DEPARTMENT OF TRANSPORTATION TO ISSUE RULES PROMOTING AIRLINE COMPETITION

Mr. MCCAIN. Mr. President, the present course of airline deregulation points toward failure. The continuing consolidation and concentration in the industry is contrary to the stated goal of airline deregulation that free and open competition would replace the heavy hand of government regulation and lead to benefits for the consumers.

In reality, there is less and less comptition. Eastern, Pan Am, Midway, and Braniff have all ceased operating. In 1985, at the height of deregulation, 10 airlines accounted for 80 percent of the U.S. market. Today, five airlines control this same share.

Testimony before the Senate Commerce Committee by the General Accounting Office, as well as the comments of industry observers and financial analysts, indicate that further consolidation can lead to higher fares for consumers. Already, at hub airports where one carrier dominates, fares average 20 percent higher than at airports where competition is strong.

Reports by the General Accounting Office, Department of Justice, and the Department of Transportation [DOT] have identified two factors contributing to concentration in the industry: airline ownership of computer reservation systems [CRS's] and slot controls at four of the Nation's busiest airports.

A recent study by the consumer group Public Citizen found that airline ownership of CRS's cost consumers between $500 million and $1 billion a year. Similarly, an analysis by the General Accounting Office found that by excluding new entrants, slot controls lead to higher fares at the four slot controlled airports: Washington Natonal, Chicago O'Hare, and New York's Kennedy and LaGuardia.

Clearly, these anticompetitive forces are choking airline deregulation. The 1978 Airline Deregulation Act directly spoke to this possibility in its statement of policy that the public interest requires the prevention of "unfair, deceptive, predatory, or anticompetitive practices in air transportation, and the avoidance of unreasonable industry concentration."

Given this requirement in law, how has DOT responded?

In both 1988 and 1990, DOT produced studies documenting the anticompetitive problems of CRS's. After years of delay, in March 1991, DOT issued a notice of proposed rulemaking governing CRS's. The date for issuing a final CRS's rule has been officially delayed three times and is now postponed until December 1992.

Concerning slots, Congress passed legislation in 1988 and 1990 calling for a rulemaking to increase slot access for new entrants. On February 19, 1991, then Secretary Skinner promised the Senate Commerce Committee a slot rule in early 1991. In September 1991, one day before a Commerce Committee hearing on the issue, DOT issued a proposed slot rule. In another Commerce hearing in May of this year, DOT stated that the slot rule was indefinitely postponed due to the President's regulatory moratorium.

Given this history of inaction and delay on the part of the Administration, I have vigorously pushed legislation to deal with CRS's and slots. S. 2312, the Airline Competition Enhancement Act of 1992, levels the playing field for airline competition by removing the anticompetitive barriers in CRS's and slot controls.

At a hearing on June 10 on S. 2312, DOT testified that the legislation was not necessary because the issues of CRS's and slots are best dealt with through rulemakings and not legislation. Frankly, this statement left me incredulous. Given DOT's inaction, their position was nothing short of Orwellian.

Since that June 10 hearing, representatives of DOT have assured me that both CRS's and slot rules have been released from the regulatory moratorium and will be issued within 2 months. The amendment I am offering today merely holds DOT to its word.

The amendment requires DOT to issue final rules concerning CRS's and slot access by September 1, 1992. If DOT does not meet this requirement, it no longer shall have authority to regulate CRS's. That authority would transfer to the Federal Trade Commission, which would then be required to issue a final CRS's rule within 90 days.

This amendment is straightforward. Either the bureaucrats do their job, or the job is given to someone else. The type of inaction that DOT has demonstrated only reinforces the view of Americans that the Federal Government is incapable of dealing with the Nation's problems. It is time that we hold Federal agencies accountable for their responsibilities.

Mr. President, I ask unanimous consent that an article by Robert Samuelson, appearing in the Washington Post on June 24, 1992, appear in the RECORD at this point.

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

[From the Washington Post, June 24, 1992.]

FAIR WARS

(By Robert J. Samuelson)

To his many critics, Robert Crandall—the head of American Airlines—is the industry's Darth Vader: a man bent on destroying competitors. The result, it's said, will be an anticompetitive industry dominated by four to six big airlines. Fares will rise inexorably. Crandall waves away his critics. Competition is merely working as it should, he says. Well, Crandall could be right and, then again, he might not be.

Only a fool would not worry about an unhealthy concentration of power. In 1990 and 1991, airlines lost $5.8 billion. Pan Am and Eastern have gone out of business. As yet, the shakeout hasn't suffocated competition. Even before recent fare wars, average fares (adjusted for inflation) were nearly a third below 1977 levels. But the industry's blood bath will ultimately end, and when it does, there may be many fewer carriers. Already, three others (TWA, Continental and America West) are operating in bankruptcy: They're flying only because payments on their debts have been suspended. One or more might fail.

Deregulation is often wrongly blamed for the airlines' troubles. You will recall that the government got out of the business of setting airline fares or awarding domestic routes in 1978. In fact, deregulation has generally worked. As well as low fares, it's fostered more flights to more cities. The drawbacks (more connections at hub airports, slightly longer travel times) may have been unavoidable.

The cause of today's huge airline losses is much simpler. Between 1981 and 1987, U.S.

airline traffic jumped 57 percent. Everyone bet on perpetual growth. It was a bad bet. Since 1988, domestic air travel has stagnated. The long slump raises the possibility that U.S. air travel has hit a saturation point. Meanwhile, overconfident airlines over-expanded or (as with Northwest and TWA) overborrowed. High costs collided with weak traffic. The result was financial disaster.

There's nothing wrong with airlines going out of business, as Crandall argues. Competition involves failure. Superior companies should grow. Inferior companies should flop. Some carriers are run better than others. Eastern had fatal labor-management strife. TWA has older planes (an average age of 16 years compared with American's 10 years) that raise maintenance costs.

Crandall gripes that courts have been too lax in allowing bankrupt airlines to operate. The theory is that they will cut costs, negotiate lower debts and emerge as viable carriers. In practice, Crandall says, they weaken stronger airlines by diverting traffic and depressing fares. Pan Am, Eastern and Midway all flew as bankrupts before shutting down.

Fair enough. But genuine competition also presumes that a few companies don't enjoy unfair advantages that predetermine who wins. Here, Crandall is on weaker ground. Even in good times, airlines operate on thin profit margins of 2 percent to 3 percent. (In 1988, record high industry profits of $1.7 billion equaled 2.6 percent of revenues.) An airline's ability to lure a few extra passengers per flight can spell the difference between profit and loss. American and some other big carriers have that ability.

The computer reservation systems sold to travel agents represent one advantage. There are four airline-owned systems, but two dominate: American's Sabre system, which is used by 37 percent of travel agents; and United's Apollo system, which is used by 25 percent. Each reservation system provides flight and fare information for most U.S. carriers, but the way the electronics work, it's often easier for an agent to select the airline that owns the system. Computer response times can be quicker, and keypunch instructions simpler.

Travel agents are human. They want to make bookings quickly. As a practical matter, American and United often get extra bookings, Frequent-flier programs can have the same effect. Their purpose is to create loyalty among business travelers with the lure of "free" trips awarded for logging lots of miles on one carrier. The bigger the airline, the greater the lure, because the airline goes to more places. This favors American, United, Delta and, to a lesser extent, Northwest and USAir. You can't fly to Hawaii on Podunk Airlines.

Together, frequent-flier programs and airline control of reservation systems make it harder for small carriers to succeed—and for new carriers to start. The perverse result could be that high-cost airlines survive while smaller (and more efficient) carriers do not. For example, American's costs are among the industry's highest. Since 1988, its cost per available seat mile (the expense of flying one seat one mile) has increased nearly 20 percent. Some carriers in bankruptcy have lower costs.

These are remedies to these problems. Congress could order airlines to sell the reservation systems now offered to travel agents. As attractive businesses, they ought to find willing buyers. The reservation systems could then be re-engineered to provide equal access to all carriers. (Crandall, once opposed to a sell-off, now says he would accept it.) Frequent-flier tickets might be outlawed as anti-competitive or required to be reported as potentially taxable income.

What's at stake is whether deregulation continues to work. Economists Steven Morrison of Northeastern University and Clifford Winston of the Brookings Institution recently reported that the eight largest airlines control 91 percent of domestic traffic compared with 82 percent in 1978. But they argue that competition is greater now, because more airlines fly on individual routes. This is true. In 1978, major airlines had half their traffic on routes where they carried 60 percent or more of all passengers, says analyst Julius Maldutis of Salomon Brothers. By 1991, such routes accounted for 29 percent of traffic.

But this provides only modest protection against gouging. Competition among companies with similar costs and business practices can be ineffective. Recall the auto industry. Before the Japanese, the rivalry among the U.S. "Big Three" didn't amount to much. They mimicked each other's weaknesses. Unless new airlines can challenge existing carriers with high costs or lousy service, competition will be more apparent than real.

Mr. LUGAR. This amendment is dealing with aviation. It has been cleared on both sides of the aisle.

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

The amendment (No. 2722) was agreed to.

AMENDMENT NO. 2723

(Purpose: To require the Secretary of Agriculture to provide disaster assistance to eligible orchardists that planted trees for commercial purposes but lost the trees as a result of fire blight)

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. RIEGLE, proposes an amendment numbered 2723.

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

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

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. . DISASTER ASSISTANCE FOR TREES LOST DUE TO FIRE BLIGHT.

(a) IN GENERAL.—Sections 2255(a) and 2256(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1421 note) are amended by inserting "fire blight," after "earthquake," both places it appears.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective as of November 28, 1990.

Mr. LUGAR. The amendment of the Senator from Michigan includes trees in the disaster assistance program. It has been cleared on both sides of the aisle.

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

The amendment (No. 2723) was agreed to.

AMENDMENT NO. 2724

(Purpose: To urge the President to obtain commitments and facilitate the withdrawal of Russian military personnel from Cuba)

Mr. LUGAR. Mr. President, I send an amendment to the desk for the distinguished Senator from Florida [Mr. MACK], and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. MACK, proposes an amendment numbered 2724.

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

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

The amendment is as follows:

At the appropriate place in the bill, add the following new section:

SEC. . PROVIDING FOR WITHDRAWAL OF RUSSIAN MILITARY PERSONNEL FROM CUBA.

The President should obtain a commitment from Russia to withdraw its combat troops and non-embassy military personnel from Cuba as expeditiously as possible and by a date certain, and if necessary, should facilitate the withdrawal of said troops and personnel.

RUSSIAN TROOPS IN CUBA

Mr. MACK. Mr. President, this amendment is to express the will of Congress that the President should move quickly and vigorously to work with our new friend, Russia, to gain a commitment that Russian troops will be removed from Cuba by a date certain.

The President of Russia, Boris Yeltsin, has committed to remove the Russian mechanized combat brigade—2,500 troops—from Cuba. So far, the Russians say about 600 troops have removed. A further 2,000 to 3,000 Russian military personnel remain in Cuba and there is no Russian commitment as of yet to remove them.

Mr. President, I believe that Boris Yeltsin believes in freedom and understands the suffering that a Communist system is imposing on the people of Cuba. But removing Russian troops from Cuba seems not to be a high priority for him.

Unless the United States is forceful in raising the withdrawal of Russian troops in Cuba as a high priority for us, I am concerned that this withdrawal will not come about expeditiously. In May of this year, talks between Russia and Cuba over Russian troop withdrawal stalled because the Cubans did not want the Russians to leave. That is why the United States must give Russia a friendly push in this direction.

Why is it important that these troops be withdrawn? Of course, the Russian troops are not a threat to the United States; that is not the issue. The issue

is that a full Russian withdrawal would send a powerful signal to the Cuban Government, the Cuban military, and the Cuban people. It would say that Russia will no longer be associated with Fidel Castro's regime, which is much closer to the Soviet Union's Stalinist past than to the democratic future Russia is trying to build.

Even if the Russian troops have no intention of helping defend Fidel Castro, the withdrawal of those troops would make Castro look one step weaker, and one step more isolated in the world. That is why Castro does not want them to leave, and why this amendment is so necessary.

I thank the managers of the bill for accepting this amendment, and I thank the Senate for sending a strong signal to the White House that we believe this is an important priority that deserves the attention and best efforts of our Government.

Mr. LUGAR. The amendment has been cleared on both sides of the aisle.

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

The amendment (No. 2724) was agreed to.

AMENDMENT NO. 2725

(Purpose: To authorize the use of appropriated funds for the independent states of the former Soviet Union to provide support in addressing the nutritional needs of infants by providing processed baby food as part of any direct food assistance program)

Mr. LUGAR. Mr. President, I send an amendment to the desk authored by myself and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR] proposes an amendment numbered 2725,

On page 33, line 14, strike "needs," and insert "needs (including the nutritional needs of infants by providing baby food as part of direct food assistance programs),".

Mr. LUGAR. The amendment has been cleared on both sides of the aisle.

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

The amendment (No. 2725) was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LUGAR. 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. LEAHY. Mr. President, it has come to my attention that the House may seek to include the IMF quota increase appropriation as a provision in the Freedom Support Act when it takes action on that bill.

The proper place to address the question of appropriation of the IMF quota increase is on the foreign operations appropriation bill, which will be done later this year.

If the Freedom Support Act were to emerge from conference with the House containing the IMF quota increase appropriation, I would be constrained to object to it.

Would the distinguished chairman of the Foreign Relations Committee and the acting ranking member agree that the proper vehicle for the Senate to deal with the IMF quota increase appropriation is an appropriation bill?

Mr. PELL. I would agree. This is an appropriation issue and should be dealt with by the Appropriations Committee.

Mr. LUGAR. I concur with the chairman.

Mr. LEAHY. May I be assured that the distinguished chairman of the Foreign Relations Committee and the acting ranking member would not allow the IMF quota increase appropriation language to be included in the conference report on the Freedom Support Act, were it to be included in the House version of the Act?

Mr. PELL. I am pleased to give that assurance.

Mr. LUGAR. I concur with the assurance of the chairman of the committee.

Mr. LEAHY. I thank the managers of the bill.

Mr. LUGAR. Mr. President, this concludes all known amendments, aside from the one about to be offered by the distinguished Senator from Pennsylvania.

I ask unanimous consent that the Senator's amendment be framed by a time agreement of 20 minutes, equally divided, 10 minutes to the distinguished Senator from Pennsylvania and 10 minutes to be controlled by Senator PELL.

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

Mr. REID. Mr. President, parliamentary inquiry. I ask the unanimous-consent request be restated.

Mr. LUGAR. I will be happy to restate the request: That the Specter amendment this is about to be proposed have a time agreement of 20 minutes, equally divided, 10 minutes to be controlled by Senator SPECTER and 10 minutes by the distinguished chairman of the Foreign Relations Committee, Senator PELL, and that there be no second-degree amendments.

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

The time is equaly divided. Who yields time? The Senator from Pennsylvania, Senator SPECTER.

AMENDMENT NO. 2726

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SPECTER] proposes an amendment numbered 2726.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . INTERNATIONAL LENDING REQUIRED TO BE SECURED BY CERTAIN EXPORT EARNINGS.

(a) UNITED STATES ACTION.—By January 1, 1994, and for each calendar year thereafter, the President of the United States shall either (1) certify to Congress that the former Soviet Republics are adhering to the debt repayment schedules stipulated by the multilateral lending institutions described in this Act; or (2) direct the Secretary of the Treasury to instruct—

(A) the United States executive directors to the International Bank for Reconstruction and Development and to the European Bank for Reconstruction and Development to vote against the extension of any credit, or the issuance of any guarantee with respect to any credit, by the Banks for the purpose of assisting any of the independent states of the former Soviet Union, and

(B) the United States executive director to the International Monetary Fund to vote against any use of the resources of the Fund, including any use of United States currency under the Fund's general arrangements to borrow (GAB) as part of any currency stabilization fund or otherwise, for the purpose of assisting any of the independent states of the former Soviet Union, unless repayment of the credit or such other resources, as the case may be, is secured by the royalties or other revenues, if any, earned by state from the export of petroleum products, minerals, or other commodities.

(b) MULTILATERAL ACTIONS.—The Secretary of the Treasury shall instruct the United States executive directors to the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, and the International Monetary Fund to propose that such institutions establish policies in opposition to the use of resources as described in subsection (a) unless the repayment of such resources is secured in accordance with that subsection.

(c) DEFINITION.—As used in this section, the term "petroleum product" means crude oil, residual fuel oil, or any refined petroleum product (including any natural liquid and any natural gas liquid product).

Mr. SPECTER. Mr. President, this amendment calls for elaborate security to be provided by the borrower where the President cannot certify that the payments are being made on time. I am well aware of the fact it is 9:26, but I believe this is a very important amendment, and I have reduced the time to only 20 minutes, equally divided, because I think the Senate should vote on the proposition that there ought to be collateral security for the billions of dollars which are going to be advanced by the U.S. Government.

The specifics of this amendment are as follows. It requires the President to certify to Congress that the former Soviet Republics are adhering to the debt

repayment schedules stipulated by the multilateral lending institutions. If the President does not so certify, then the President must direct the United States representatives in the multilateral lending institutions to vote against the extension of credit or guarantees by the institutions for the purpose of assisting former Soviet Republics.

Such restrictions shall apply unless repayment of the credit is secured by petroleum products, minerals, or other valuable commodities.

Mr. President, I favor the basic concept of assisting the former Soviet Republics so that we may do our utmost to help those Republics move away from totalitarianism and authoritarianism and toward democracy and so that we may assist them in moving away from communism and socialism to a market economy.

I think that is important. But at the same time it seems to me it is fundamental to ask those Republics to give security for the billions of dollars which the United States will be advancing. I have sought to find out how many billions are involved and cannot even get an exact estimate. But there is an enormous sum of money which is involved.

Any time a borrower goes to a lending institution, to a bank, and seeks to borrow money, it is fundamental to ask for security. When a person seeks a mortgage, a loan on a home, there is collateral security on a mortgage. When there is a loan on a business transaction, the inventory is collateralized.

I submit this is a very fundamental and basic requirement and is not onerous.

The former Soviet Republics are rich in crude oil, in natural gas, in titanium minerals, in gold. This is similar to last session when the Senate adopted a concept very similar to collateralization, when it overwhelmingly, 86 to 8, adopted the Nunn-Lugar amendment to the Conventional Forces in Europe Treaty, which permitted the recipient governments to reimburse the United States for the cost of assistance from natural resources, such as oil and strategic materials.

I think the Senate made a mistake yesterday when we defeated the DeConcini amendment, which would have required the former Republics to leave the Baltic States.

I am aware of the arguments that we want to be forbearing in making these loans available to have more influence on Mr. Yeltsin and the former Soviet Republics. But I think it is unwise to make these loans available in a context where we are not getting collateral security where security is available, where we are providing United States funds to buy the former Soviet Republics butter when they are investing in military, keeping thousands of troops in the Baltic Republics.

These gigantic sums of money are being advanced without any collateral security when it is not unduly burdensome for this collateral security to be provided.

This is not an easy matter for the Congress, for the U.S. Government, to advance these billions of dollars at a time when there are such tremendous deficit problems in the United States and there are so many domestic needs which are going unanswered, needs which I shall not itemize but which are very well known.

We passed the unemployment compensation extension tonight which goes a part of the way. With these serious issues and problems of the deficit, it seems to me it is fundamental to get collateral security when these borrowers have plenty of security available so these funds will be repaid.

I ask the Chair how much time I have remaining?

The PRESIDING OFFICER. The Senator has 5 minutes, 3 seconds remaining.

Mr. SPECTER. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Rhode Island is recognized.

Mr. PELL. Mr. President, this is an amendment that we considered in the committee and was defeated by a vote of 15 to 3. We are being a little illogical in moving down this path because we are seeking to encourage the private investment, private ownership in the countries of Eastern Europe. What this does is seek to encourage Government ownership to be able to put up the assets for collateral. I oppose the amendment.

The PRESIDING OFFICER. Is there further debate? The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I must disagree with the distinguished chairman of the Foreign Relations Committee, who has made the assertion that this is the same amendment which was defeated in committee. It is decisively different. The amendment which was offered in committee provided that there would be the absolute requirement for collateral security. This amendment does not have that provision. Instead, this amendment gives considerable latitude to the executive to make the certification so that there is an opportunity for the President to make an analysis as to whether the payments have been repaid, whether the repayment schedule is on time, and then if it is not on time, to put the requirement into effect that the collateral security should be offered.

When the distinguished Senator from Rhode Island talks about private lending, he is referring to an argument that, as I understand his argument, if the U.S. Government and others take collateral security, there will be less security available for private lenders.

The private lenders, Mr. President, do a much better job in protecting their interests. And I daresay in the context of risk capital, a private investor is not going to lend money to the former Soviet Republics unless the returns are very great.

But when the governmental agencies lend the money, there is much less care than is exercised by the private lenders and that is why I think that it is a very minimal requirement for the Congress of the United States to take some stand to see to it that there is collateral security.

We have a long history of foreign debt which goes unrepaid. We have other former Soviet Republics which we want to help, but they have very, very extensive raw materials, very extensive assets which they could offer without any undue burden to provide this kind of assurance.

I believe that the American people are entitled to tougher restrictions than have been imposed in this bill. The business about having the Soviets use their other resources to modernize their armies, to modernize their missile systems, to keep their armies in the Baltic States, to have all of this wealth preserved for their own use without giving this collateral security, I think, just goes too far.

I am not saying that I will necessarily oppose final passage on this bill, but I think this is a minimal requirement that the American people ought to have for the appropriate assurances that these billions of dollars in loans will be repaid.

I inquire of the Chair how much time I have remaining.

The PRESIDING OFFICER. The Senator controls 1 minute and 54 seconds.

Mr. SPECTER. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. Who yield time?

Mr. LUGAR. I yield 2 minutes of time to the distinguished Senator from Kentucky.

The PRESIDING OFFICER. The Senator is recognized for up to 2 minutes.

Mr. MCCONNELL. I thank the Senator from Indiana.

Mr. President, I believe the amendment of the Senator from Pennsylvania would have the effect of killing the IMF quota. As the distinguished chairman of the committee pointed out, a similar amendment to the amendment currently at the desk was offered in committee and defeated 15 to 3.

I think the principal concern I would have is that the amendment amounts, in effect, to a lien on the very sectors of the economy that are targeted for private activities. The amendment would require the Government to stake a claim on and preserve a degree of

state-owned control over natural resources to serve as loan collateral.

It is my view that this will frustrate potential business proposals to privatize over in Russia. The Republics are going to exploit the resources they have to generate hard currency to pay their bills and create jobs. They will be eager for joint ventures and private businesses to develop their mineral, oil, gas, and other resources which can only be good news for U.S. companies. We are good at mining, we are good at exploration, we are good at energy development. What I fear, Mr. President, is this amendment will actually discourage our involvement in those activities that we are particularly well suited for and would love to be engaged in this inside the former Soviet Union. So I hope that the amendment of the Senator from Pennsylvania will not be approved.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Indiana.

Mr. LUGAR. I ask if the Chairman will yield me 5 minutes.

The PRESIDING OFFICER. The Senator from Indiana is recognized for up to 5 minutes.

Mr. LUGAR. Mr. President, the distinguished Senator from Pennsylvania has presented an amendment which is carefully crafted for purposes that are very well worth debate. But I simply want to respond to the general principle of collateralization, whether it be done in an absolute sense or by the Chief Executive, as the Senator from Pennsylvania has suggested.

The fact is, Mr. President, the United States' financial interests are already protected in all multilateral lending institutions. If a country receives assistance from any multilateral lending institution and fails to repay those loans, then the country is no longer eligible for any new loans. All lending is cut off until arrears are cleared.

The point I want to make, Mr. President, is that our U.S. claims are already secured in the IMF by a $35 billion IMF-held gold reserve and $3 billion in reserves which help to protect the financial integrity of the institution.

If, for example, any of the Republics of the former Soviet Union would fail to pay back any assistance, they would be, first of all, unable to receive any new lending. Countries value the IMF stamp of approval very, very highly because they can receive assistance only when they are in full compliance with the IMF and are current on their loans.

Private creditors, as well as many bilateral credit programs, will not lend to countries that are in arrears to the multilateral lending institutions, including the IMF.

Finally, Mr. President, I make the point with regard to this specific legislation, that singling out the independent states of the former Soviet Union to require that they alone put up collateral, such as oil reserves or whatever they might put up, would send a signal that we have very little confidence in the reform programs that we are attempting to assist and, in fact, nurture with this legislation at a very critical time in those economic reform efforts.

So for these reasons, Mr. President, the fact that we are secured in terms of all of our claims, and that there are such stringent sanctions with regard to any arrears with regard to the IMF and other multilateral institutions, in my judgment the amendment by the distinguished Senator from Pennsylvania is unnecessary, even if he has offered it to try to guarantee further prudence, and in addition to being unnecessary would frustrate, I believe, the aims of the legislation that we foster this evening.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SPECTER].

Mr. SPECTER. Mr. President, if the argument is correct as asserted by the distinguished Senator from Indiana that my amendment is unnecessary, then it certainly is not going to impose any extra burden beyond that which the borrowers are already undertaking.

I must disagree with my colleague from Indiana on his assertion that there is already collateral security there, because if the IMF reserves were to be used to cover a Soviet default, the original United States contribution would be wiped out. Lending to the former Soviet Union Republics alone is expected to exceed the approximately $38 million the IMF has to cover bad loans.

When the assertion is made that we have very little confidence in what the former Soviet Republics are going to be doing, we have hopes that they will succeed, and that is why we are making this extraordinary contribution. But in terms of a strict businesslike financial loan, we are within our total rights to say we want collateral security.

When any lender advances a loan to a borrower, there is always the expectation that it is going to be repaid because the person has a good job and the means to repay it. But that does not stop a bank or lending institution from asking for collateral security.

The former Soviet Republics have adequate collateral security. No argument has been advanced this evening which in any way undercuts the very basic principle that if a loan is made there ought to be collateral. The former Soviet Republics have the resources. They will get these loans. We just ought to be a little tougher in our negotiating posture.

The PRESIDING OFFICER. All time controlled by the Senator from Pennsylvania has expired. Who yields time?

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Rhode Island [Mr. PELL].

Mr. PELL. I yield back all time we may have.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment 2726 by the Senator from Pennsylvania.

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

The PRESIDING OFFICER. Is there a sufficient second?

Mr. PELL. I move to table.

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

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

The PRESIDING OFFICER. The question is on agreeing to the motion to table. The yeas and nays are requested.

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

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Carolina [Mr. SANFORD] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Virginia [Mr. WARNER] is necessarily absent.

I further announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Delaware [Mr. ROTH] are absent due to illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. HELMS] would vote "nay."

The result was announced—yeas 75, nays 21, as follows:

[Rollcall Vote No. 147 Leg.]

YEAS—75

Adams	Domenici	Lugar
Akaka	Exon	Mack
Baucus	Ford	McCain
Bentsen	Fowler	McConnell
Biden	Garn	Metzenbaum
Bingaman	Glenn	Mitchell
Bond	Gore	Moynihan
Boren	Gorton	Murkowski
Bradley	Graham	Nunn
Breaux	Gramm	Packwood
Bryan	Harkin	Pell
Bumpers	Hatch	Pryor
Burdick	Hatfield	Reid
Byrd	Inouye	Riegle
Chafee	Jeffords	Robb
Coats	Johnston	Rockefeller
Cochran	Kassebaum	Rudman
Cohen	Kennedy	Sarbanes
Cranston	Kerrey	Sasser
Danforth	Kerry	Simon
Daschle	Kohl	Simpson
DeConcini	Lautenberg	Wallop
Dixon	Leahy	Wellstone
Dodd	Levin	Wirth
Dole	Lieberman	Wofford

NAYS—21

Brown	Craig	Grassley
Burns	D'Amato	Heflin
Conrad	Durenberger	Hollings

Kasten	Pressler	Specter
Lott	Seymour	Stevens
Mikulski	Shelby	Symms
Nickles	Smith	Thurmond

NOT VOTING—4

Helms	Sanford
Roth	Warner

So the motion to table the amendment (No. 2726) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2698, AS MODIFIED

Mr. GORE. Mr. President, I ask unanimous consent—and this has been cleared on both sides with the appropriate committees—to modify amendment No. 2698, which was previously offered and agreed to, by Senators HARKIN and KASTEN. Both of them have been fully advised of this. My understanding is that both the chairman and ranking member are advised of it. It relates to land grant colleges.

Mr. President, a number of land-grant colleges, including the University of Tennessee in my State, have proposed an excellent, farsighted proposal for an agricultural initiative for Russia and other post-Soviet states. The purpose of this amendment is to open the way for this proposal, which I will now briefly describe.

In essence, under this amendment, land-grant colleges working as circumstances direct with the private sector would work out programs of joint work in Russia and other post-Soviet states to assess productive capability of food and cash crops; to determine appropriate technologies for production enhancement; to develop strategies for the application of biotechnology to support food security in the areas of production, nutrition, processing, and distribution; to promote technology transfer; and to encourage environmentally sound, sustainable agricultural practices.

Programs in these areas are absolutely essential if the agricultural economies of post-Soviet states are going to be able to recover from the devastation of seven decades of Communist mismanagement, and if the privatization of agriculture in post-Soviet countries is to succeed. These programs represent a strategic vision of coupling one of America's greatest strengths to one of the deepest needs of the peoples of the post-Soviet states.

I strongly urge my colleagues to support this amendment which literally contains the seeds of the future.

I ask unanimous consent to modify that amendment.

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

The amendment is so modified.

The amendment (No. 2698), as modified, is as follows:

On page 6 between lines 2 and 3 insert the following new subparagraph:

"(C) initiatives to —

(i) determine appropriate techniques to enhance agricultural production; and

(ii) develop strategies for the application of biotechnology to support food security and sustainable agricultural practices;"

On page 6 line 3 redesignate subparagraph (C) as subparagraph (D).

On page 6 line 6 redesignate subparagraph (D) as subparagraph (E).

On page 9 line 7 strike "and"

On page 9 between lines 7 and 8 insert the following new subparagraph:

"(C) initiatives to—

(i) determine appropriate techniques to enhance agricultural production; and

(ii) develop strategies for the application of biotechnology to support food security and sustainable agricultural practices; and"

On page 9 line 8 redesignate subparagraph (C) as subparagraph (D).

Mr. GRAHAM. Mr. President, it had been my intention to offer as an amendment on the pending legislation the substance of a matter that has been introduced in a separate bill entitled "Cuban Democracy Act of 1992," with 38 sponsors.

This legislation, I believe, was appropriate to be considered on this bill. The reason that we have the opportunity to talk about democracy in Cuba today is because of the collapse of the Soviet Union. For almost 30 years it was the Soviet Union which kept the dictatorship of Cuba afloat, both economically and politically.

The ballast has now been lost, and we have a rare opportunity to adopt a national strategy that will facilitate the demise of the current authoritarian government and the restoration of a democracy in Cuba.

There has been concern expressed by the managers of the bill about considering the amendments that were not specifically related to aid to the former Soviet Union Republics. The chairman of the committee has very generously indicated that there will be a hearing on this legislation between the July and August recess periods. I have discussed this also with the chairman of the subcommittee with the jurisdiction, in light of that, and recognizing the strong support which this measure has a freestanding bill, I will defer this evening from offering this as a separate amendment, but wish to draw this important matter to the attention of my colleagues in the hopes and expectation that, before this session of Congress completes its work, we will have an opportunity to consider and, I hope, adopt this important proposal.

Yesterday I introduced—with the support of 37 cosponsors—legislation upon which this amendment was based. Both the administration and Presidential candidate Bill Clinton have endorsed the provisions of this amendment.

The House Foreign Affairs Committee, after extensive hearings and markup, has reported almost identical legislation.

Indeed, the Senate itself has already expressed itself three times on one of the major provisions of the amendment—a provision which would close a loophole in the current economic embargo against Cuba. The Senate last voted on this measure on July 20, 1989, passing it 82–13. Since then, the Senate has approved the provision on voice votes on at least two subsequent occasions.

Despite the Senate being on record in support of this key provision—not once but three times—here we are 3 years later still trying to enact this provision into law.

Why are we in this position? The principal reason is that the administration until recently opposed this provision. But, now, it is on board.

By every measure, therefore, this provision—and the amendment of which it is part—represents a consensus view that has broad bipartisan support.

Moreover, I believe this amendment is germane to this bill. We are debating ways to consolidate and expand democracy in Russia.

Fidel Castro can thank his continuing survival in large part to the support he has received from Russia and the former Soviet Union.

In fact, under Fidel Castro, Cuba turned into a virtual colony of the Soviet empire.

As we debate ways to consolidate democracy in Russia, I believe it to be entirely relevant to address the same issue when it comes to discussing the former Soviet Union's only colony in the Western Hemisphere.

How can we avoid addressing this issue when debating the survival of Russia as an emerging democracy. How Russia governs its relations with Cuba must be one of the benchmarks by which we measure its progress toward democracy.

Mr. President, this Senate has provided key leadership at a number of pivotal points when debating this country's relationships with authoritarian governments. From South Africa to Chile, from China to Serbia, this Senate has shown leadership and resolve.

Cuba should not be an exception to the Senate's proud record in standing up to authoritarian governments that abuse their people.

Mr. President, this amendment is based upon several premises.

First, Castro is as weak as he has ever been. This is no time to take steps, even inadvertent ones, that might strengthen his hand. Rather, we continue to hear from dissidents inside Cuba to keep the pressure on, to take all possible peaceful steps to end the repression and violence once and for all.

Second, we should do all that we can to increase the flow of information to the Cuban people. This amendment would expand mail and telephone service.

It will increase pressure on Castro, while humanely expanding the means

for the tens of thousands families on the island to remain in touch with their loved ones who have fled.

Third, we should call on our allies to support our efforts. By no means do we try to punish countries doing business with Castro. Instead, we simply state that countries conducting subsidized trade with Cuba should expect no help from us. After all, if we wanted to subsidize Cuba, we could more effectively do so directly. We give the President discretion to make these decisions.

Fourth, our Government's policy toward Cuba seems to be one of letting events run their natural course. I'm not sure what the natural course is in this case. What I do know is this. If we are to achieve a peaceful transition to democracy, we must have in place a coherent and comprehensive policy that will help achieve that goal.

Mr. President, specifically, this amendment:

Closes a critical loophole in the Cuban embargo that allowed Cuba to earn more than $533 million in hard currency in 1990, up from $169 million in 1989. Under the current embargo, subsidiaries of United States companies are still allowed to trade with Cuba. This amendment would close that loophole;

Establishes civil penalties for organizations engaging in illegal trade with Cuba. Currently only criminal penalties are provided for, making it unnecessarily difficult to punish violators;

Authorizes United States funding for nongovernmental organizations in Cuba. We want to accomplish in Cuba what we achieved in Eastern Europe, the Soviet Union and Nicaragua. We want to support labor leaders and human rights activists;

Requires our Government to establish strict limits on remittances to Cuba by United States citizens financing the travel of Cubans to the United States. The Treasury recently placed a $500 ceiling on travel remittances to Cuba. We support that level, but we believe it is important to have this provision in law;

Expands phone service between Cuba and the United States. Existing service is of poor quality, and Cuban-American families pay 5 to 10 times the normal rate to place calls through Canada or other countries which do not limit phone service to Cuba.

Directs the United States Postal Service to provide direct mail service to and from Cuba. Although Cuba now opposes direct mail service, our postal service has never been encouraged to aggressively try to negotiate an agreement.

Lack of service causes great hardship for divided families. We hope that those in power in Cuba begin to finally acknowledge the interests of the Cuban people, at least in this instance; and

Outlines a policy toward a post-Castro government. If that government is freely and fairly elected, the United States would grant full diplomatic recognition, provide emergency relief during Cuba's transition to a viable economic system, encourage debt rescheduling or cancellation, and end the embargo.

These steps will be taken only after the fall of communism. Any shipments of food and medicine in the meantime will be granted for humanitarian reasons and will benefit only the Cuban people, not the Cuban authorities.

Mr. President, the day when we will be dealing with a post-Castro government is fast approaching. We must adopt a policy that hastens that day and prepares for the day after. This amendment advances us toward that goal.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I hope the Senator from Florida will seek that action. I think it is important, and it is about time we pass legislation like that.

I commend him for mentioning it this evening.

The PRESIDING OFFICER (Mr. DASCHLE). The Senator from Indiana.

AMENDMENT NO. 2727

Mr. LUGAR. Mr. President, on behalf of Senators KASTEN and INOUYE, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR] for Mr. KASTEN for himself and Mr. INOUYE, proposes an amendment numbered 2727.

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

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

The amendment is as follows:

On page 29, after line 19, insert the following:

"(6)(A)(i) denies its citizens the right or opportunity to emigrate,

(ii) imposes more than a nominal tax on emigration or on the visas or other documents required for emigration, for any purpose or cause whatsoever, or

(iii) imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice; and

(B) with respect to which a waiver has not been made under Title IV of the Trade Act of 1974;

except that, commencing 120 days after enactment of this Act, such assistance may not be provided unless the President has furnished a report to the Committees on Foreign Relations and Appropriations of the Senate and the Committees on Foreign Affairs and Appropriations of the House of Representatives on the extent of progress such states have made in respect of the extent of progress such states have made in respect of the criteria described in subparagraph (A)."

Mr. KASTEN. Mr. President, this amendment, cosponsored by my distinguished colleague from Hawaii, Senator INOUYE, would help ensure the freedom of emigration of citizens of the former Soviet Union

The United States is a nation based on the idea of free movement of peoples. Most recently, we expressed this fundamental conviction in the Jackson-Vanik legislation that tied improved United States-Soviet relations to Soviet tolerance of emigration.

We are now celebrating the success of that historic policy—the aliya of Soviet Jews who are settling in their ancient homeland of Israel.

Senator INOUYE and I are convinced that U.S. foreign aid is a very effective lever to encourage the improvement of human rights in foreign countries. Specifically, we believe that the Jackson-Vanik approach can help us avert the rise of fascism and anti-Semitism in the Republics of the former Soviet Union.

The amendment we are offering today would deny funds appropriated under this bill to former Soviet Republics that deny or unreasonably interfere with the emigration of their citizens. I believe that two or three of the Republics, including Russia, have already repealed their restrictions on emigration.

Mr. President, there is no need for any of these Republics to intefere with the free emigration of their citizens. This denial of a fundamental human right was unconscionable at the height of the cold war—and it is therefore even less tolerable at the present time, when a truly historic tide of liberty is transforming the whole world.

It is the hope of both myself and Mr. INOUYE that this amendment will be noncontroversial. It expresses one of the most basic of American values—personal freedom of movement—and we hope, therefore, that it will be accepted.

Mr. LUGAR. Mr. President, the distinguished Senators had offered an amendment with regard to progress of immigration reform in the Republics of the former Soviet Union. It has been worked out carefully with the Department of State. The administration has no objection, and it is cleared on our side of the aisle.

The PRESIDING OFFICER. Is there further debate?

Mr. PELL. It is cleared on our side of the aisle.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 2727) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Indiana.

AMENDMENT NO. 2728

Mr. LUGAR. Mr. President, I send an amendment to the desk on behalf of Senator KASTEN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Indiana [Mr. LUGAR], for Mr. KASTEN, proposes an amendment numbered 2728.

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

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

The amendment is as follows:

On page 29, after line 19, insert the following:

"(6) is responsible for paying an equitable portion of the indebtedness incurred before December 25, 1991, by the former Soviet Union (including any agency, instrumentality, or political subdivision thereof) to United States firms, unless the President determines and reports to the Committees on Foreign Relations and Appropriations of the Senate and the Committees on Appropriations and Foreign Affairs of the House of Representatives that such government has not adopted a policy of refusing to pay such equitable portion.".

Mr. KASTEN. Mr. President, this amendment would help ensure fair treatment of United States firms who have business dealings with the countries of the former Soviet Union.

According to the former United States Secretary of Commerce, Robert Mosbacher, at the end of last year the Soviet Union had an outstanding debt of some $110 million to 34 different United States businesses. The Zerand-Bernal Group of New Berlin, WI, is just one of these American companies—it's still waiting for payment of a Soviet debt of 32 million dollars.

I think it's very important that we address all of this debt as part of our Russian aid bill. There will be no better opportunity to deal with this issue of basic fairness.

In fact, the committee's report language discusses the issue in accurate terms. The report observes that the failure of the new republics to pay their debts is seriously hampering their ability to attract new investment. In the words of the report, and I quote:

The committee places a high priority on the expeditious resolution of the debt issue. Therefore, the committee urges that the Department of Commerce, in consultation with the Department of State, report periodically to the Congress as to what steps have been taken to obtain the repayment of commercial debts * * *

Mr. President, the committee is to be complimented for discussing this issue in straightforward language. But I think we need to go further in taking congressional action. It would be wrong to sidestep this issue at this time by deferring it to future consideration by the Commerce Department and the State Department.

For resolution of this outstanding Soviet debt, there is no better time than the present—and no better forum than debate on the Russian aid bill. Mr. President, the buck stops here—with us.

I had initially considered offering an amendment that would have required all commercial debts to be paid in full before any United States aid could be sent to the former Soviet Union. But I have decided not to offer that amendment—the humanitarian and economic crisis in those countries is too serious to permit that kind of delay.

But it would also be wrong to avoid the issue. For the new post-Soviet Republics as well as the United States companies involved, we need to make sure that the commercial debt is on the way to being repaid.

That is what my amendment would accomplish.

The amendment is a simple one, and addresses an issue of basic equity. Without a resolution of this issue, we cannot hope to attract to the former Soviet Union the kind of dynamic entrepreneurship it needs in order to survive and rebuild. It is my hope that this amendment will be accepted—for the good of the new republics, as well as the interest of the American businesses awaiting repayment.

Mr. LUGAR. Mr. President, the amendment by the distinguished Senator from Wisconsin helps to ensure fair treatment of United States firms that have business dealings with the countries in the Republics of the former Soviet Union, and it has been carefully worked out with the State Department. The administration has objection.

It is cleared on our side of the aisle.

Mr. PELL. Mr. President, this seems to be a good amendment, as the Senator indicated, and it has been worked out by the staffers.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 2728) was agreed to.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. SIMPSON. Mr. President, I had intended to offer an amendment to section 20 which extends the so-called Lautenberg amendment for 2 years. The Lautenberg amendment gives a special presumption of refugee status to Soviet Jews, Soviet Pentecostals, and certain other groups in the former Soviet Union and in Southwest Asia.

We passed the Lautenberg amendment in 1989, when conditions were very different in the Soviet Union. It seemed like the right thing to do to help people leave a repressive, totalitarian country. It was supposed to be temporary, for 1 year. But we extended it for 2 more years, and now we have this provision to extend it for 2 more years. It's the kind of thing we do—we think its temporary, but it is taking advantage. We mean well when we do these things, but it is unfair—other groups don't receive such special treatment.

In view of the hour, and in consideration of the importance of this bill, I will withhold my amendment, but I will make the following statement.

Mr. President, I have for many years opposed the use of presumptions in making refugee determinations under the Refugee Act of 1980.

The Refugee Act of 1980 was enacted to change our longstanding policy of accepting refugees based on ideological or geographical considerations—accepting only refugees fleeing from communism or from countries in the Middle East. The Refugee Act established a nonideological, case-by-case consideration of each refugee applicant.

This case-by-case consideration includes an interview with each refugee applicant in which the burden is on the refugee to establish that he, or she, "has a well-founded fear" of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.

Sections 599d and 599e of Public Law 101-167, the so-called Lautenberg amendment, create a special standard of evidence for establishing refugee status for Soviet Jews and certain other groups. The amendment creates a presumption of qualification for refugee status if an applicant merely asserts a credible basis for concern about the possibility of persecution. Under the Lautenberg amendment, despite the requirements of the Refugee Act—which, by the way, are identical to the requirements of the United Nations—60,000 of the 130,000 refugees who will be admitted to the United States this year will qualify under this special standard for establishing refugee status—this presumption of refugeeness.

Although I have never supported this, or any other, special presumption of refugee status, there may have been a stronger argument for it when the former Soviet Union was still in existence; and the Soviet Government had an official policy of suppressing religion; and when Jews and other dissidents were persecuted for merely requesting an exit permit to leave their country. But all that has changed.

Communism has fallen into disfavor, if not disgrace, in the Soviet Union. The President of Russia now attends church. Russians and others in the former Soviet Union can now emigrate without a special invitation to do so from a relative living abroad. With these changes in conditions in the former Soviet Union, this amendment has little to justify its continuation to provide a special standard of evidence

for a select group, who presumably cannot establish a well-founded fear of political persecution.

Mr. President, I would like to make an important point here. These immigrants—and I use the term immigrants advisedly because these folks coming from the former Soviet Union have all the characteristics of our traditional immigrants, and few of the characteristics of refugees fleeing to preserve their life or freedom—these immigrants are an impressive group. Many of them are educated and well-trained, and are anxious to participate in the economic and political system we have in this country. I have no doubt at all that they will embrace our system of government and become fine contributing members of our society very quickly. I also do not believe that the immigrants we are receiving from the Soviet Union will aggravate the high dependency rate we are finding among refugees in general in this country. In my mind, Mr. President, they are a welcome immigrant flow—and they are a significant flow. More persons from the former Soviet Union were granted permanent immigration status in the United States last year than from any other country in the world.

They are fine immigrants as I have said, Mr. President, but they are for the most part, immigrants. Many, if not most of them, are well educated; many, if not most, have held good jobs in the Soviet Union; and many, if not most, will make important contributions to this country. But, many, if not most, are immigrants. But they are not refugees—and if they had to meet the same standards other persons applying for refugee status around the world have to meet, they could not do it.

That is why we have the Lautenberg amendment. To grant this group refugee status, without having to establish that they are, indeed, persons with a well-founded fear of political persecution.

What is the difference between admitting a person as an immigrant and admitting one as a refugee? One difference is in how they get here and how they are received.

Immigrants must pay their way to the United States, and after they have arrived here, they are prohibited from accepting public assistance. In fact, Mr. President, it is a deplorable offense to become a public charge under our immigration laws.

A refugee, on the other hand, has money advanced for the air flight to the United States; and upon arrival, the group which receives him or her is given a reception grant of $568 per refugee to look after the refugee for the first 30 days. After 30 days, the refugee then becomes eligible for special refugee cash and medical assistance.

Further, a refugee does not have to get in line with the more than 4 million other immigrants who have been approved for immigration to the United States, but who have to wait their turn in a very long line.

Although the limits are very generous, we do have limits on immigration. When we accept a person as a refugee, he or she goes to the very head of the line and is admitted almost immediately. This special treatment for refugees is warranted, but only when the person is fleeing his country because of a well-founded fear of political persecution.

Mr. President, with all of the changes that have occurred in the Soviet Union in the last year, there is simply no justification for the extension of the Lautenberg amendment for another 2 years. Persons coming to the United States as refugees under this special provision allege that discrimination—not political persecution—is the basis for leaving their homeland. It is stated that anti-Semitism in the Soviet Union is much reduced, and while there certainly are vestiges of anti-Semitism remaining, that is also the case in this country. In view of the rapid changes we are witnessing in the former Soviet Union, there is certainly no justification for extending these special provisions for 2 more years. We must be more responsible than we are.

The PRESIDING OFFICER. Are there further amendments?

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

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

AMENDMENT NO. 2717, AS MODIFIED

Mr. GLENN. Mr. President, I ask unanimous consent that amendment No. 2717 be modified as sent to the desk, and that the modified amendment be agreed to.

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

The amendment (No. 2717), as modified, is as follows:

On page 29, line 8, after "(B)" insert the following: "any chemical or biological weapon or".

On page 29, strike lines 16 through 19.

On page 29, strike lines 20 through 24 and insert in lieu thereof the following:

(5) has undertaken any of the activities with respect to which sanctions must be imposed under sections 669 or 670 of the Foreign Assistance Act of 1961 or section 506(a)(1) of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993; or

(6) has repeatedly provided support for acts of international terrorism.

The President may waive the application of the prohibition on assistance contained in this subsection—

(A) in the same manner as such waiver could be exercised under any other provision of law with respect to the same activity; or

(B) if no waiver authority under any other provision of law exists with respect to that activity, then only if the President certifies and justifies in writing to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate that to do so would serve the objectives of this Act.

On page 42, line 18, insert after "1990" the following: ", and section 5(b) of this Act".

WAIVER PROVISION

Mr. MURKOWSKI. Mr. President, I would like to ask my colleague from Rhode Island, as the bill manager, about his understanding of the waiver provision in this bill. It is my understanding that the broad waiver provision is aimed at the large amount of cold war legislation still on the books, but on longer relevant in the post-cold-war era, and provisions of law that would hinder swift implementation of programs contemplated under the law.

However, despite its broad nature, the waiver provision is not meant to be a blank check which can be used by the administration to circumvent laws intended to benefit and protect American citizens. Would my colleague agree with that assessment of the waiver provision?

Mr. PELL. Yes. I would agree that the waiver provision was never intended to be used as a blank check, and the committee report reflects just that.

Mr. MURKOWSKI. I raise this point because I am particularly concerned about U.S. cargo preference laws. I know that the amount of aid authorized by this bill that would be covered by cargo preference laws is minimal, nonetheless, the law is the law and each little bit helps.

I also understand that is our aid package to Eastern Europe known as the SEED Act, there was a similarly small amount of aid covered by cargo preference, and the law was adhered to in that instance. Would my colleague agree that the amount of aid provided in this bill that is subject to cargo preference laws, ought to be covered by those laws despite the waiver provision?

Mr. PELL. I would agree absolutely. If the cargo preference laws have not been an obstruction to providing aid under the SEED Program, for the last 3 years, there is no reasonable justification for seeking a waiver of the laws for assistance in this bill.

Mr. MURKOWSKI. I thank my colleague. I want to establish a clear record of what is at least my intent, and I assume many of my colleagues would agree, that although there is a useful purpose to the waiver provision in this bill, it should not be used to circumvent laws that were meant to help Americans.

Mr. LIEBERMAN. Mr. President, I want to take a moment to raise an important issue concerning the ability of American energy companies to do business in Russia. This is particularly im-

portant since the Russian energy sector is one of the most potentially productive sectors for American firms to help develop, and it is vital to Russia's ability to build a free enterprise economy.

The Soviet Union is the largest producer of oil in the world. Even after the dramatic drop in oil production, the nations of the former Soviet Union still produce more oil than any nation in the world, a portion of which is used for export. A further decline in oil production in Russia, Kazakhstan, and other nations of the former Soviet Union, would be very disruptive of world oil markets, sending prices up and further slowing down our economy.

Russia and the other nations of the region need to keep up their oil production, but they cannot do so without our assistance. They need technology and capital, and American firms can help with both. But American companies will not continue to put themselves and their money on the line if they feel they cannot rely on the Government of Russia and if the other nations of the former Soviet Union are unwilling to protect foreign investment from arbitrary Government actions.

To illustrate my point, I want to mention the problems confronting a Connecticut company, Phibro Energy, which has made a real commitment to help the energy sector in former Soviet Union. Phibro is part of an international joint venture, White Nights, which is the only American concern with a physical presence in Russia that is producing oil for export. The problem is that Phibro's exports have been limited not for technical reasons but because of political and bureaucratic problems. Specifically, the Russian Government has imposed a tax of $6 on every barrel of oil for export. The effect of this tax is to price White Nights out of the international oil market. What makes it worse is that this tax is not levied across the board on all companies. Exemptions have been granted to Russian companies.

A misguided decree such as this can only send a negative signal to other companies wanting to get involved with the Russian energy sector. Oil exports are the lifeblood of failing Russian economy. The Russian Government must do all that it can to encourage foreign investment and exports. While the rationale behind the tax may be to bolster the coffers of the Russian treasury, it will have the opposite effect by discouraging further investment.

The irony is that White Nights has no intention of repatriating its hard currency earnings for the foreseeable future. It wants to put money back into the joint venture.

Another problem Phibro faces concerns hard currency earnings. For several months, Vnesheconombank has held up $2 million of Phibro's money which is desperately needed to meet White Nights' operating expenses. While the affairs of Vnesheconombank are in disarray as a result of the restructuring of the Russian Government, this cannot be used as an excuse to hold the deposit of White Nights hostage. If the Russian Government expects further investment, then it must make a good-faith effort to rectify this and other similar situations.

White Nights originally contracted to develop, among other things, the Roslav oil field in the Tyumen region of western Siberia. Despite the unquestioned validity of this agreement, local production associations, geological associations, and exploration associations are all trying to displace White Nights to the point of demanding an additional payment to simply allow them to continue with their operations—guaranteed under their present contract.

I am very supportive of American business involvement in the new Independent States of the former Soviet Union. I have an amendment to the bill that aims at facilitating that process. I am committed to helping the Russians and other nations of the former Soviet Union rebuild their economies. But we cannot approach this issue, as my colleague Senator BRADLEY has said, as romantic capitalists. We must make certain that these nations understand that they must play by the same rules of business as we do.

Mr. KERRY. Mr. President, I hope the Senate will approve the Freedom Support Act and that we will do so by a wide margin. It is the right thing to do. It is the right time to do it. And it is in the best interests of our country.

We heard talk during President Yeltsin's visit a couple of weeks ago about how disappointing a summit it was—because we didn't see the big crowds or the excitement generated by President Gorbachev. We didn't see motorcades stopped in the middle of downtown Washington while the Soviet President worked the crowd. We didn't see the same level of charisma. Perhaps all that is true Mr. President, but we did see history being made in this city and in this building.

The arms reduction agreement announced by President Bush and President Yeltsin on the first day of the summit has truly put the nuclear arms race into reverse. Eliminating heavy, land-based multiple warhead missiles will undo the single most costly decision of the cold war, which was the American decision to introduce such missiles in 1969. It will put to rest the nightmare first-strike scenarios postulated by the theologians of nuclear war. And the Russian decision to dismantle the very heart of their nuclear arsenal moves us beyond the narrow and tendentious focus on parity that has made past efforts at nuclear arms reductions murderously complicated and achingly slow.

It is a historic agreement and it requires from us, a meaningful response. We will need, in the years ahead, to reexamine continuously our own military structure, and especially our strategic programs, not simply to implement this agreement, but to go beyond it where we can do so without risk. And we can begin by agreeing, as have the Russians and the Europeans, to suspend nuclear tests.

Aside from arms reduction, last week's summit may be remembered best for President Yeltsin's startling and courageous openness on the issue of American POW/MIA's. His statements and his commitments are a giant step toward the truth about what happened to Americans lost during wars, of both the hot and cold variety, during the past 50 years. We don't just suspect; we now know that some Americans interned in the Soviet Union during or shortly after World War II were not returned. We have been told that some servicemen may have been held in the Soviet Union during the Korean war and that at least 12 American fliers who went down over Soviet territory during the early 1950's were imprisoned or confined to psychiatric hospitals. And we have been told that the Russians may possess information about the fates of some Americans missing from the war in Indochina.

Emotionally, our response to all this is complex. Our gratitude for openness mixed with anger at four decades of lies. Our current hopes mixed with memories of past disappointments. Our desire for specifics and facts and faces and actual returns mixed with an understanding of how much time has past, how many records must be reviewed and how elusive certain knowledge of such matters always seems to be.

But as a practical matter, our response is not complex. We must follow-up; immediately, fully, in Russia and here at home. All of our information, about internees, downed planes, lost pilots, must become public. All current and relevant intelligence must be reexamined and acted upon. And we must take President Yeltsin at his word: "each and every document in each and every archive must be examined" in order to investigate the fate of every American unaccounted for.

If there are Americans still alive over there who wish to return; they must be brought home. And if there are remains of our dead, they must be identified and—if they families so desire—returned and laid to rest in American soil.

But our obligations as a Congress and as a nation, Mr. President, do not stop with the arms agreement and with our POW/MIA's. We also have a responsibility to do what we can to help the reform process in the former Soviet Union go forward. After the events of this past week, we should have no trou-

ble understanding how important that process is—not just to the Russians and Ukrainians and Kazakhs—but to us.

That is why the Freedom Support Act is so vital, not because it will transform the former Soviet Union overnight—there isn't enough money in the bill even to make a serious dent. But the bill does reflect an American commitment to help, bilaterally where we can; multilaterally more often—to bring Russia and its counterparts permanently in from the cold. It sweeps from our law books a series of cold war prohibitions and restrictions that have become obsolete. It opens the door for American investments. And it pledges our help in the areas of currency stabilization and the International Monetary Fund.

Above all, the Freedom Support Act recognizes the historical reality of what is happening in the former Soviet Union; and it recognizes that if we do not act; if we just sit on the sidelines; if we take it all for granted; we may be making a mistake for which history will never forgive us and which we may regret the rest of our lives.

The transition now occurring in Russia and many of the other republics is breathtaking and painful.

Consider the following commentary from the Moscow newspaper, Rossiyskiye Vesti:

> The limitless rise in prices has plunged ever newer groups of people into poverty . . . Monetary circulation has been thrown into complete confusion . . . the payment of wages has stopped in many of the country's regions. Mass strikes by teachers and physicians have confirmed the growing dissatisfaction of millions of Russian citizens with the dangerous turns (that have taken place) on the path of economic reform.

And consider the following from an editorial in Izvestia:

> * * * so much of the people's reserves of patience and belief have now been used up that the situation could be on the point of exploding. The imminent new leap in prices, the power crisis . . . the unprecedented increase in crime, and the shameful drop in moral standards are conductive to that . . . In short, the social atmosphere is permeated by the obsessive presentiment of disaster.

And consider that both of these accounts of dissatisfaction and impending disaster were from publications sympathetic to the current government and its program of reforms.

President Yeltsin said during his eloquent speech here that "We have no right to fail * * * for there will be no second try."

We all pray that President Yeltsin's reforms will succeed. But do not for a minute believe that Boris Yeltsin and what he represents are not opposed in Russia. Do not for a minute believe that the Russian military is going to be happy to see their most powerful weapons dismantled. Do not for a minute believe that those in Russia who lied to us for decades about missing Americans are going to sit idly by while their lies are exposed. Do not for a minute believe that the economic reforms instituted by President Yeltsin, and the further reforms demanded by the IMF, do not have the potential to destroy the consensus in Russia in support of pro-Western policies, and that a retreat toward nationalist authoritarianism is impossible.

President Yeltsin told us, to great applause, that the "idol of Communism has collapsed never to rise again in Russia. "But communism is not the only force that history warns us about. Hitler was no Communist; neither was Mussolini, nor Tojo, nor Saddam Hussein. The seeds of authoritarian nationalism reside in many countries, but Russia and some of the other Republics may provide especially fertile soil.

That is why what will happen in the former Soviet Union over the next 5 years is neither predictable nor preordained; its future, like ours, can only be shaped by the actions or inactions of the men and women in the best position to act. We, in this body, do not have the power to control those events, but we do have the ability to influence them. And we must proceed with the recognition that the outcome of those events is going to have a direct and dramatic impact on each of our lives.

Mr. President, we cannot send President Yeltsin back to Russia empty-handed; we should approve the Freedom Support Act.

Now there are many who will say that this is the wrong time to go forward, because we have so many domestic needs—especially in light of what happened in Los Angeles, and what's been happening to our economy for the past decade. Of course, those issues must be addressed. But they are not mutually exclusive. We should go forward on both, and we can go forward on both.

Let us never forget that our responsibility as leaders is not simply to parrot public opinion; we also have a responsibility to shape it. And we have a responsibility now to get across the fact that in today's world, domestic policy and foreign policy are simply no longer separable things.

That's why I've been telling those who have asked me why I support this bill that it's not an Aid-to-Russia Act as much as it is Aid-to-America Act. There is, after all, no more immediate or local an issue than whether our sons and daughters will live their lives under the cloud of nuclear war.

There is no more important economic issue than whether we can develop new markets for American goods overseas and thereby create good new jobs here at home.

There is no more important budgetary issue than whether we will find ourselves 2 or 3 years down the road having to reverse gears and start once again to build up our military in response to what happens in Russia.

And there is no more important human issue than whether we will be able at long last to devote our full energies in this country to educating and training and preparing our citizens for life, rather than defending them from Armageddon.

Mr. President, this is an election year; we are surrounded by people making calculations; and we are obsessed with tactical advantage.

But we have this past week also come face to face with history; face to face with our responsibilities, not as politicians, but as statesmen.

The moment of truth is at hand. We should move forward with the Russia aid bill; move forward with cooperation on POW/MIA's; move forward with arms reductions; move forward with democracy; more forward with respect for human dignity and human rights and in so doing, move forward not as Republicans, Democrats or independents, but as Americans, into a proud new era of friendship with our former rivals, and progress and peace for our people and for theirs.

Mr. HATCH. Mr. President, I rise today to express my support for President Bush's legislative initiative, the Freedom Support Act, and I would like to take this opportunity to express my rationale for supporting this important piece of legislation.

The last mile in a marathon is always the hardest to run. President Bush has repeatedly asked Congress to run the last few miles in a race that could determine whether Russia embraces democracy or witnesses a resurgence of despotism. It is time that Members of Congress responded positively to this important challenge.

Mr. President, we have an historic opportunity to help promote political and economic reform in the former Soviet Union, and we should seize the moment. This is clearly a matter of enlightened self-interest. Helping Russia consolidate democratic and free market institutions is essential, because the failure of the reform movement in Russia could be lead to an extremely volatile situation in the former Soviet Union. The Freedom Support Act, in conjunction with the multilateral aid provided by the Western allies, will help set the Russian Republic and the CIS on the proper path of reform.

I know that a number of scholars and officials in this country still question Mr. Yeltsin's political judgment and commitment to reform in the Russian Republic. However, I ask doubters not to look at his words, but at his deeds. Mr. Yeltsin stood firmly against the forces of tyranny when he challenged the people of Russia to foil the coup last August. President Yeltsin has implemented a number of reforms and he has explicitly stated a commitment to continue these changes.

Unfortunately, there are still elements in the military and old guard

Communist apparatus that would like to dismantle the new system and replace it with another authoritarian regime. We cannot allow this to happen because the potential costs for ourselves and our children would simply be too high. Another cold war is something that both of our countries should seek to avoid. While I realize that some critics argue that this is too expensive in a period of competing domestic priorities, I believe that a collapse of the current Russian Government could usher in a new and even more bitter second cold war. This short-term expense is an investment in our future that we cannot afford to pass up.

Mr. President, the Freedom Support Act offers the Bush administration room to deal with a range of these important issues.

Yet there are two provisions that I find extremely interesting that I would like to bring to the attention of my distinguished colleagues.

First, the bill encourages small- and medium-size American firms to provide technical assistance to the former Soviet Union. The purpose of this assistance would be to establish a viable legal framework and commercial code in the CIS, and to help privatize the agricultural and food distribution sector. This emphasis on American private sector development is key. In my opinion, business-to-business contact, and not government-to-government contact, will ultimately fuel and stimulate the Russian economy.

Second, the bill provides funding for a currency stabilization fund as part of a larger multilateral aid program. This fund will strengthen the ruble and allow the further integration of Russia into the international economic system.

In conclusion, Mr. President, I would suggest that while the cold war is over, the race is not finished. Congress should demonstrate the leadership and vision to act promptly on this bill and vote for the Freedom Support Act.

Mr. PRYOR. Mr. President, I rise today to speak to one of the key issues in this aid package—the need for the U.S. Department of Agriculture to provide some of its commodity credits to help meet the nutritional needs of infants and young children in the former Soviet Union by guaranteeing the sales of processed baby food to the several Republics requesting them.

In recent weeks, the Agency for International Development, the U.N. Children's Fund, several Russian ministries as well as the Catholic Relief Service have all stated that the nutritional needs of infants and children in the former Soviet Union are not being met. The intake of vegetables, fruits, meats, cereals, and juices by these children has declined precipitously. The Russian Ministry of Health has recently stated that Russian infants are receiving only 11 percent of the meat they need and only 19 percent of the fruits and vegetables required.

According to UNICEF, the problems associated with a poor diet as well as a lack of medicines have grown so large that UNICEF believes that a health crisis is now looming in the former Soviet Union. UNICEF says that the crisis is "wholly unprecedented, rapidly evolving and entirely unpredictable in terms of future trajectory and velocity."

The reasons for this looming infant nutrition crisis are several. There exists high levels of toxicity in many of the raw agricultural goods that render them unfit for consumption. I have been informed that 42 percent of all baby food produced in the former Soviet Union is contaminated by pesticides and nitrates. Where food is available, it cannot be distributed in a timely manner. AID has stated that milk often has a 1- or 2-day shelf life once it reaches the retail level. Finally, the breakup of the Soviet Union has meant that some baby food production is not sent out of the Republic. I understand that there exists five current baby food plants in the former Soviet Union. Three are outside of Russia which is the most populous Republic. These three do not send their production to Moscow or other cities where the need is greatest.

Past U.S. food assistance has rarely targeted infants and children. U.S. food aid has consisted of emergency rations left over from the Persian Gulf war distributed as part of Operation Provide Hope or agricultural commodities exported as part of the requests made by the several Republics under the CCC export guarantee programs. In only one case did the United States directly address the needs of children by providing some powdered formula to the Republics in the former Soviet Union as part of the recent $165 million food aid program.

It is clearly time for the United States to help head off this crisis. Intervention now with the right kinds of food such as the processed fruits, vegetables, cereals, meats, and juices used with great regularity by millions of American children can do much to lessen infant illness and, in some cases death, resulting from a poor diet. It is for these reasons that I applaud the Senator from Vermont, the Senator from Rhode Island, and the Senator from Indiana for making it clear to the Department of Agriculture that processed agricultural commodities like baby food are to have access to the GSM credits when requested by the appropriate officials in the county seeking the credits.

Mr. WIRTH. Mr. President, the bill before us today is an attempt to aid the people of Russia as they establish themselves as a free nation. I rise to offer an amendment to this assistance measure so that Russian women will be freed from an incredible burden they are carrying today.

There is a desperate need in the former Soviet Union for humanitarian assistance of all kinds. We have heard of the insufficient drugs and of the food shortages, and of the hurt this has caused to the elderly, to children, and in all segments of society. The shortage of medical supplies is particularly dramatic in the area of family planning services.

The sad fact, Mr. President, is that the Commonwealth of Independent States is largely incapable of providing family planning services. This inability is taking its toll on women in CIS Republics. I am concerned that the tragic shortfall in reproductive and maternal health is being overlooked in the debate on humanitarian assistance for the independent states of the former Soviet Republics.

Ninety-five percent of Russian women do not have access to contraceptives. Consequently, the official abortion rate is between 7 and 30 abortions per woman, not accounting for illegal abortions or those performed before 8 weeks of gestation. We all know that the best way to reduce abortions is to prevent unwanted pregnancies—and that is what family planning is all about.

The need for basic family planning services in the independent states of the former Soviet Union is immediate and severe. The almost total lack of these services is only exacerbated by economic disruption of whatever existing health systems are still functioning. Governments are eager to enhance family planning programs and provide prenatal and post-partum care, but simply do not have the means.

Given this situation, I am offering this amendment which makes family planning and maternal health services activities which can be supported by this bill. Mr. President, this is the best way we know to improve women's health and reduce the number of often unsafe abortions being performed in the independent states. The women of these Republics face unnecessary threats to their well-being, and the effective use of funds in family planning would greatly reduce suffering resulting from unsafe abortions.

I have long been an advocate for more aggressive United States involvement in international family planning and maternal health programs. We can, and should, provide support to the women in the former U.S.S.R. Humanitarian assistance most certainly should include services that support the women of these new Republics.

I hope that my colleagues will join me in supporting this effort.

IS IT OUR RESPONSIBILITY TO REBUILD THE CIS?

Mr. DECONCINI. Mr. President, I think all of us can agree that the events that have transpired on the Eurasian Continent over the past few years

can easily be described as incredible. We have witnessed the fall of the Berlin Wall and the subsequent reunification of Germany. We have witnessed the end of the Warsaw Pact and the breakup of the once mighty superpower, the Soviet Union. Each of these events was considered a fantasy only a few short years ago. Now they are a reality, and it is our task to deal with them as such.

Boris Yeltsin, in his address to a joint session of Congress on June 17 said, "The idol of communism which spread social strife, enmity, and unparalleled brutality everywhere, which instilled fear in humanity has collapsed. It has collapsed never to rise again." For this we are grateful and should rejoice. The bipartisan, five-decade long battle against communism is over. Listening to President Yeltsin, we recognized that we prevailed in our long nightmare and that we stand on the threshold of a new era.

This momentous event signaled the end of a military rivalry that has lasted since before the end of World War II. The collapse of communism preceded the fall of the Soviet Union, leaving the United States as the lone victor of the cold war. But does that make it our responsibility to provide billions of dollars to Russia? The answer, for this Senator at least, is a resounding no. Before we pour more money into solving the problems abroad, we must turn our attention to the long neglected problems here at home.

The bill before us today is an honest attempt at tackling a difficult problem facing this Congress and President Bush. I sincerely appreciate the major effort undertaken by Chairman PELL and the members of the Foreign Relations Committee in drafting this legislation. I understand the desire to pass this legislation and recognize the daunting task facing the emerging democracies in the former Soviet Union as they begin rebuilding their nations. But we as elected officials have been entrusted with the responsibility of seeing the American tax dollar is wisely spent.

How can we honestly explain to the American public that their hard-earned tax dollars are now being sent to a country which we have called our enemy for over 40 years, when in our own country we are experiencing record unemployment, increased racial tension, skyrocketing infant mortality rates, woeful underfunding of education, and a crumbling national infrastructure. To top it all off, we have record budget deficits which mortgage not only our grandchildren's future, but also the future of our grandchildren's grandchildren. If this Government has the billions called for in this bill to spend abroad, then why are Americans suffering at home?

In addition to our domestic problems, there are issues within the CIS, and within the bill itself, which must be carefully considered. I am confounded that President Bush is urging this Congress and the American people to provide aid to Russia while Russian troops continue to illegally occupy the independent countries of Estonia, Latvia, and Lithuania and while Russian troops are intervening in internal disputes in Moldova in much the same manner as Serbian forces are intervening in Bosnia. The Russian Government agreed to withdraw its forces from the independent Baltic States through attrition. However, in a report that I previously submitted for the RECORD, military activity is increasing, while the Russian troops are not leaving the Baltic nations. Indeed, as troops are mustered out at the end of their draft period, more troops are being rotated into these sovereign nations. I attempted to condition all but humanitarian assistance for Russia—and prevent it from being extended—until President Bush certified that significant progress toward removal of Russian or CIS troops from Estonia, Latvia, and Lithuania had been achieved. My amendment was ultimately watered down by an amendment from the Foreign Relations Committee, but I will continue to oppose this package and any new aid for Russia until the Baltics are truly free.

There are a number of concerns I have with the bill before us as currently drafted. First, I am deeply troubled by the sheer size of the bill. As reported from the Foreign Relations Committee, the Congressional Budget Office [CBO] estimates that the bill authorizes at least $17.2 billion in budget authority and $5.4 billion in outlays for the CIS States over the next 5 years. But these amounts appear to be merely the minimum allowed under the bill. The maximum has not yet been fully determined. To the Foreign Relations Committee's credit, it offered an amendment to place specific authorization ceilings on the bill for fiscal years 1992 and 1993. The total authorization for the 2 years is $13.45 billion. While the bulk of this authorization is due to the U.S. quota increase for the IMF—which will have no net impact on budget outlays as a result of the committee's amendment—$13.45 billion is still a major financial commitment on the part of the United States. And we still are uncertain what we are signing ourselves up for in aid for the CIS in future years.

Instead, I wonder why we cannot start with a small aid program, using our current, unpopular foreign aid authorities, to begin addressing this problem and, if necessary, expand the program slowly. We could even use the bill before us today as a framework for a larger program at a later time. But to throw money into a new, untested program will not solve the problems these new democracies face. If it is irresponsible to throw billions of dollars at a domestic problem, as many of the supporters of this bill have argued, then why is it not irresponsible to throw billions of dollars at a new foreign aid program?

Second, the bill provides $12.3 billion as the U.S. contribution to the quota increase to the International Monetary Fund [IMF] with little or no guarantee that our money will be effectively used to reform the former command economies in the new democracies. I spoke at length last week of my deep reservations about funneling so much of our aid through the IMF where we forfeit direct control over our dollars and where the accountability for disbursal of these funds is diminished.

Another major problem I have with this bill is that, in many ways, it is unnecessary. President Bush does not need Congress to pass this bill in order to provide billions of dollars of aid to the emerging democracies. His hands are not tied by Congress or by U.S. law on this issue. The CBO has estimated that he already has the authority to provide up to $3.78 billion in aid to the CIS through 1997 without this legislation. The President was given this authority in previous legislation and this bill only reauthorizes existing authorities already retained by the President while giving him certain increased flexibility. The President, however, has not chosen to exercise this power. He has recently made a big public push to get Congress to act because he claims the aid is needed right now in the CIS. The President is supposed to be the chief architect of our Nation's foreign policy. If extending this aid is so critical, why has he not done so unilaterally; exercising the authorities he already has available to him? Could it be, perhaps, that he does not want to take any domestic political risks by proposing more foreign aid at a time when it is so unpopular here at home without being joined by Congress? This may be seen as a cynical reading of the President's lack of action, but this aid could have been flowing to Ukraine, and Uzbekistan, and Kazakhstan, and Russia this spring, if only the President had exercised his power to do so.

In closing, my colleagues have made many eloquent and cogent arguments in support of this sweeping legislation. They are correct in the statement that it is in our best interests to ensure that the dramatic changes now taking place in the former Soviet Union achieve the desired end of creating free, independent, vibrant, democratic, market-oriented nations where once there existed only a monolithic, totalitarian dictatorship.

But the bill before us today is overly broad, and nebulous. We still are unable to determine exactly how much aid, through various government agencies and programs, will be provided for the States of the CIS.

The bill provides foreign aid to a country which illegally occupies other countries. We opposed Iraq's occupation of Kuwait. Why then do we tolerate Russia's occupation of Estonia?

The bill does not focus sufficient attention—even as amended—on the need for private sector investment and technical assistance.

Finally, the bill ignores the reality of our long-neglected domestic needs. We must first address the many problems facing our Nation before we turn our attention to more of the world's problems.

Instead of passing another broad—though well-intentioned—foreign aid bill, let's first try to address the problems in the CIS through our existing foreign aid programs. If, after we have tried that route, it is found lacking, then we could consider something approaching the legislation facing us today. But this Senator believes that the incremental approach to resolving this situation is the appropriate one. But it appears that this body will not take this other, reasoned, route. Therefore, I must oppose the bill and I urge my colleagues to do likewise.

Mr. MURKOWSKI. Mr. President, today I rise to focus on some aspects of the Russian aid bill that addresses environmental concerns in the Arctic.

We are all deeply concerned about reports of massive radioactive and industrial pollution, dumped by the former Soviet Union directly into Arctic and subarctic seas, and adjacent rivers that flow into the Arctic.

The Arctic is particularly vulnerable to this kind of pollution, since heavy metals and radionuclides are collected and concentrated in slow-growing Arctic tundra and lichen, fish, and marine mammals. Humans at the apex of the food chain, including the Inuit people of Russia, Canada, Greenland, and the United States, and my State of Alaska are potentially vulnerable, as are the fisheries stocks in the Bering Sea, North Pacific, and North Atlantic.

Therefore, I am pleased that the bill before the Senate specifically authorizes funds for research and environmental monitoring in the Arctic and subarctic, as well as funds to mitigate environmental threats that might be confirmed as a result of the research and monitoring program.

Let me cite some examples, Mr. President, of a few of the disturbing reports that have surfaced over the past several months. We have been working full time gathering information.

We have numerous reports of sunken ships with damaged nuclear reactors, a tanker with liquid radioactive wastes, the midsection of the icebreaker *Lenin* with three damaged reactors, no less than 5 nuclear submarines containing 10 reactors with nuclear fuel, and more than 10,000 containers of nuclear wastes—all, in the shallow waters of the Kara Sea off the Arctic island of Novalya Zemlya. We have little other information about the amounts of radioactive material, the specific radioisotopes, and the form or containment of the wastes. Our fear is that many of these wastes might be soluble, allowing them to be transported by ocean currents or metabolized and carried by marine organisms to areas far removed from the former Soviet Union.

The former Soviet Union exploded approximately 130 peaceful nuclear detonations to build dams, mines, and underground storage for toxic wastes. Resulting radioactive contamination of ground water is rumored to be present. Again, our fear can be summed up as "radionuclides in motion."

In 1957—29 September—a container of stored radioactive wastes, byproducts from plutonium production, exploded at Mayak, releasing 20 million curies of radioactivity. Most radioactivity fell in the immediate vicinity, although 2 million curies more were widespread in a radioactive cloud; 10,000 people were evacuated, nevertheless, 1,000 got doses of 50 rems.

A scientist from Moscow's Physics and Technics Institute told United States officials that there were 1 billion curies of radioactive waste in a single Arctic river drainage area. At a recent hearing of the Nuclear Regulatory Subcommittee of the Senate Environment and Public Works Committee, a Russian radiation safety official confirmed the billion curie figure and added that there was an additional 1.2 billion curies of waste in central Russia—for a total in excess of 2 billion curies. While we are not certain that all these radionuclides have been or will soon be released into the ecosystem, it is useful to keep in mind that the accident at Chernobyl released an estimated 40–86 million curies. The accident at Three Mile Island released 15.

Nuclear waste from plutonium production at the Mayak chemical plant near Chelyabinsk was dumped directly into the Techa River until 1951, and directly into in Lake Karachay until much later. Today, elevated radiation can still be found in the Techa, and there is an estimated accumulation of 120 million curies of strontium-90 and cesium-137 in the lake. Some reports indicate that one can get a lethal dose of radiation by merely standing next to Lake Karachay. Radioactivity in the ground water has reportedly migrated 3 kilometers from the lake. Russians have attempted to slow the migration of the ground water by constructing reservoirs and earthen dams, and by diverting the nearby Techa River away from the lake, but there are concerns that these efforts will be temporary at best.

There are also 100 billion metric tons of mixed industrial wastes that were reportedly dumped in crude Arctic landfills or directly into rivers. Much of this industrial activity is still ongoing.

The continuing operation of the 15 Chernobyl-style RBMK nuclear power reactors in the former Soviet Union remains a threat. These reactors lack a containment structure, and they are designed in such a way that a nuclear reaction can actually increase when the reactor overheats.

As recently as last week we received as-yet unconfirmed Norwegian reports that radionuclides had escaped from Soviet waste disposal sites in the Barents Sea.

Mr. President, there is always the possibility that some of these reports are exaggerations of zealous Russian scientists seeking foreign support. We must proceed to assess and validates—or refute—these reports through an Arctic radiation and pollution monitoring program in collaboration with the Russians. We should make Russia, with its significant scientific infrastructure in northern latitudes, a partner with the United States and other nations in the conduct of research to measure, map, and evaluate the extent of these environmental problems.

This will help to sustain the best and the brightest of Russian science and engineering needed for Russia's economic future, keep them gainfully employed and out of the weapons labs of nuclear club aspirants, and commit them to addressing decontamination, health, and cleanup problems.

A collaborative research approach also helps ensure the prudent use of funds through the involvement of United States scientists and institutions in the research, while leveraging the use of Russian scientific assets and infrastructure in the performance of science in the United States interest.

That's what the language in this aid bill attempts to do. I urge the support of my fellow Members in this vital issue.

Thank you, Mr. President. I yield the floor.

ADDITIONAL STATEMENT FOR TELECOMMUNICATIONS EDUCATION PROGRAM AMENDMENT TO S. 2532, THE FREEDOM FOR RUSSIA AND EMERGING EURASIAN DEMOCRACIES AND OPEN MARKETS (FREEDOM) SUPPORT ACT

Mr. BURNS. Mr. President, today, as we consider my amendment to the Freedom Support Act, S. 2532, that supports the use of telecommunications technologies in delivering educational and instructional programming to the independent states of the former Soviet Union, it is useful to review the role that telecommunications technologies played in delivering programming that led to the disintegration and fall of the Communist bloc. I would also like to explore ongoing United States efforts to continue providing telecommunications assistance to the independent states, as well as Central and Eastern Europe, that continue to have a major impact on the ability of these countries to deliver educational and instructional programming in support of

their efforts toward democratization and a market economy.

Historic changes and momentous events are unfolding very quickly in this part of the world. As recent events in the former Soviet Union have shown, information is power. The Iron Curtain, as it was aptly named by Winston Churchill 45 years ago, was ultimately brought down—not by a military confrontation—but by information. Information carried by new communication technologies was able to contribute to the incubation and rise of new democracies because communications systems could no longer be stopped or censored by radio jamming or border controls.

Mikhail Gorbachev clearly understood the power of information in implementing glasnost. By allowing free speech, the floodgates of information were opened and, in a single stroke, a constituency of ordinary men and women was created to counter the established constituencies of the KGB and the Soviet Army. The role of telecommunications was crucial to this process. To quote one Russian citizen—

For the first time, 30 million of us were able to see on television what our leaders really were.

The task of making democracy work is a never-ending struggle. Our task began in the revolution of 1776, continued on through the terrible crisis of our Civil War, and goes on today. The task in the independent states, meanwhile, is a formidable one: To endure enormous human and economic costs while overcoming the damage of the past 70 years. The United States has assured the independent states that the American people will be there with them in time of emergency—as we were in the 1920's, as we were in World War II, and as we were this past winter. What the United States desires most is to join with the Republics of the former Soviet Union in a historic partnership to help these Republics launch this great experiment in democracy.

At the Coordinating Conference on Assistance to the new independent states, which was held in Washington, January 22–23, President George Bush spoke of the enormous challenges facing the region. He said that:

We should not underestimate the enormity of this challenge and the difficulty of unraveling economic dislocations resulting from over 70 years of communist economies. Ultimate success or failure rests squarely with the efforts and wisdom of peoples of Russia and the Ukraine and the Caucasus and Central Asia. The battle is really theirs to win. But they cannot win it alone. These 12 new countries will need the hard work, creativity, and goodwill of all our countries from every continent.

And President Bush continued:

I would like to reiterate the importance of seizing this moment to commit ourselves, individually and collectively, to an opportunity that may never come our way again in our lifetime.

This legislation and the proposed amendment continue the spirit of President Bush's words to seize the moment of a lifetime. In the case of the proposed amendment, it is the opportunity of expanding and reinforcing economic growth on an individual and national basis in this region, through the use of telecommunications—the central nervous system of the modern global economy.

I would now like to discuss the current role of telecommunications and mass media in perpetuating democratic institutions in the former Soviet Union, including a description of some examples of what United States companies are doing in the former Soviet Union today.

The United States looks upon the new nations of the former Soviet Union as representing one of the greatest potential markets in the world today. The reintegration of the independent states into the world economy is essential to ensuring the social and political stability in those countries and supporting their transition to a market economy.

Telecommunications will play a major role in this reintegration, particularly when the opening of these markets creates new opportunities for business from which they and the entire world economy can benefit. Major efforts are underway to transform the three major building blocks of marketplace telecommunications reform: Liberalization, privatization, and competition. An integral part of these efforts is the use of new telecommunications technologies to transmit programming, including programming for educational and instructional purposes. Just as information has been a powerful ally of political freedom, so has the free flow of information through telecommunications been essential to the free-market mechanisms on which much of world commerce is based today.

The following specific examples of U.S. public and private assistance in telecommunications technologies in the independent states illustrate the U.S. commitment to these emerging democracies:

The Department of State's Bureau of International Communications and Information Policy, under the coordination of Ambassador Bradley P. Holmes, led a U.S. Telecommunications Blue Ribbon Panel Initiative that met with Ministers of Telecommunications of 13 of the independent states in Moscow on May 25–26, 1992. This Blue Ribbon Panel proposed an educational exchange, curriculum development, and faculty contacts between the telecommunications institutes in the independent states and corresponding institutions in the United States. The Panel recommended that the exchange should leverage and multiply its impact by using modern telecom delivery techniques.

The Department of State's Bureau of International Communications and Information Policy also is leading an effort to fund and install television-receive-only [TVRO] antenna dishes in the Central Asian Republics to receive CNN programming.

The Telecom Technical Assistance Program, identified in the Panel's communique which was signed by ministers or deputies of the 13 independent states, would provide guidance for development and operation of a modern international and domestic telecommunications infrastructure which could deliver educational and instructional programming to urban and remote rural areas of independent states.

The United States Information Agency [USIA], through its Voice of America [VOA], United States government radio network, and its Worldnet television network, promote democracy and free markets in the Republics of the former Soviet Union, as well as in over 100 foreign countries. The new openness in the independent states, and in Eastern and Central Europe, has renewed the importance of VOA and Worldnet as citizens in those countries take part in shaping their societies. In addition, these broadcasting services fill a void because the region is politically unstable and objective news media is often scant.

USIA's VOA broadcasts 133 hours weekly to listeners in Azerbaijani, Armenian, Georgian, Russian, Ukrainian, and Uzbek languages. In addition, VOA is on local airwaves. Recorded programming is airmailed to 20 stations throughout the independent states, including 11 in Russia. Live relays are planned in the near future.

USIA TV has donated three satellite dishes for Russian TV networks; has coproduced documentaries on American business and society with video crews from Russian TV stations; and has successfully placed these resulting programs on Russian TV. The most recent series was entitled, "Economics USA." Coproductions are planned with other independent states. The Television [Worldnet] and Film Service regularly provide documentary and educational programming on tape to a wide range of television stations.

USIA's Office of Academic Programs offers numerous educational opportunities for the independent states, including the Fulbright Faculty Exchange Program, the Benjamin Franklin Fellowship Program providing scholarships for graduate study in the United States, the President's University Undergraduate Exchange, the University Affiliations Program, and Student Advising through USIA-operated centers in Moscow, St. Petersburg, Kiev, Alma-Ata, and Yerevan.

In addition, the following example in central and Eastern Europe illustrate how United States telecommunications technologies and assistance can be used to deliver educational and instructional programming to the independent states of the former Soviet Union.

The United States encourages the development of independent broadcasting and other mass media—including in dependent journalism—in other emerging democracies in Central and Eastern Europe through the activities of the "International Media Fund,"—which is partly funded by the U.S. Government—and through USIA. USIA is training journalists and media personnel throughout the region. The Fund is purchasing cameras and consoles for independent TV stations in the region, and buying equipment for new production studies and desk-top publishing equipment for new weekly news magazines. The fund also will provide satellite dishes to radio stations in Poland.

The United States Agency for International Development [AID] provided newsprint to various newspapers in Bulgaria so that they could convey their respective—and competing—views to the Bulgarian electorate.

The Institute for Democracy in Eastern Europe has provided loans to more than 50 small newspapers and journals in Poland, and will assist struggling publications throughout Central and Eastern Europe.

A private U.S. nonprofit corporation, the Annenberg Washington Program, has joined the Trans-Atlantic Dialogue on European Broadcasting, in a joint effort to track changes taking place in broadcasting throughout Central and Eastern Europe and states in the former Soviet Union. The Dialogue is a group of some 50 senior executives from Europe and North America with expertise in investment banking, the media, broadcasting, program production, regulation and law, advertising, politics, telecommunications, and management.

In conclusion, the emerging markets of the former Soviet Union and Central and Eastern Europe represent an enormous opportunity for United States companies to expand and develop into the next century. The use of telecommunications technologies to deliver educational and instructional programming to the independent states of the former Soviet Union supports broader United States efforts to foster the growth of democracy and free markets in this region as a source of new trade and investment opportunities for American companies.

Mr. KENNEDY. I note that S. 2532, the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act includes, among the types of activities to be funded, support for promoting broad-based educational reform at all school levels in areas such as history, social science, political studies, economics, and English language, including assistance in the development of curricula, exchange programs involving educators, and the supply of textbooks and other educational materials. Does the Chairman intend that this language be interpreted to mean that funds are to be used to bring the best practice that we have in the United States to Russia and the independent states of the former Soviet Union?

Mr. PELL. Yes, it does. Our objective is aid that will facilitate the transformation of the schools in the former Soviet Union. Our goal is to increase the capacity of educators to provide instruction to children and youth and undergird the development of a new economic, democratic, and humanistic order. The Soviets invested heavily in the cognitive sciences, just as they did in the hard sciences. There is a lot we can learn from them. To the extent possible, this funding should permit collaboration and cooperation about educational research and issues that concern the United States and the former Soviet Union. It should involve education developers and researchers working together in an environment of trust. This will enlarge our mutual understanding of research and contribute to the educational reform efforts in both the United States and the former Soviet Union.

Mr. SEYMOUR. Mr. President, I rise in opposition to the pending legislation because it encourages the right policies with the wrong tools. The so-called Freedom for Russia Support Act will only postpone the advent of a truly market-oriented economy in the former Soviet Union by offering an unlimited amount of the taxpayers' money to a country still tangled in the web of socialism.

The cultivation of a democratic order in Eurasia that nurtures an economy responsive to consumer needs rather than military growth stands as the most important foreign policy challenge to the United States today.

If we succeed in this endeavor, international military tensions will contract and investment opportunities for American entrepreneurs will expand. By helping the former Soviet States make the transition to capitalism, we can help in forming a new system of global relations characterized less by protectionism and political strife and more by the free exchange of goods and services.

But the bill before the Senate today will not advance this vision. On the contrary, it will deny the people of the former Soviet Union what they need the most—private sector initiatives to develop their markets—and give them what they need the least—more millions to enhance the power of the state.

This legislation, S. 2532, endorses the overall goal of using American expertise to bring democracy and development to the former Soviet Republics. But the bill simply outlines 9 broad purposes to achieve these ends, and it authorizes $620 million over the next 2 fiscal years without linking explicit conditions for reform to the aid. S. 2532 also endorses an American down payment of $3 billion to stabilize the ruble despite the fact that the Russian Government monopolizes control over the Nation's money supply.

These defects would surely undermine the noble purposes of the bill. To throw money at the former Soviet Union as it exists now, without any statutory conditions, would give us meager results at a very high price. We should not forget that between September 1990 and January of this year, a number of industrialized countries delivered or pledged about $80 billion to Russia and its sister Republics. But the return on this investment has been dismal.

Consider the state of affairs in the former Soviet Union as we debate this measure. Every leading indicator, from the gross national product to the rate of inflation, has become perilously erratic. None of the Commonwealth governments has created a legal framework for enduring market reforms. Private property ownership and inheritance do not enjoy the protection of any meaningful laws. Public sector bureaucrats continue to operate inefficient industries. Hardline Communists in the Russian Parliament, elected before last year's democratic revolution, continue to block President Yeltsin's agenda. Food shortages have intensified, and mineral resources go untapped. Significant privatization efforts have not begun. No codified set of procedures for foreign investment exists. Worthless rubles, printed and distributed by the State, flood the country and drive an inflation rate of 1,000 percent per year. And there are no free-trade agreements completed or in process between Russia and any Western nation.

These conditions, Mr. President, have two critical points in common: They severely hamper Russia's ability to establish a productive civilian economy, and they all could be changed by unilateral actions of the Government with little or no financial help from the United States.

And the one man in Russia today who understands these conditions is Boris Yeltsin. During his June 1991 visit to the United States, President Yeltsin told me and a group of other Senators that he did not seek any handouts from America. Rather, he told us that he needed the help of U.S. experts to achieve four goals: First, the passage of laws to guarantee private property rights; second, the creation of a more efficient transport system; third, the development of a competitive business ethic; and fourth, the movement of Russia's economy away from its reliance on the military.

In this debate, I take the side of President Yeltsin over the provisions of S. 2532. The bill permits loans to the former Soviet Union while ignoring the environment into which these resources would flow. Yet our money can meet our intentions only if it enters a

climate of free trade, limited government regulation, and market-driven decisions.

President Yeltsin would correctly tell us that this climate does not have a price tag. We cannot buy the habits of enterprise or the values of capitalism for the Russian people. Our advice and investments—along with clear reform criteria attached to any package of foreign aid—represent the most effective ways that we can help Russia as her economic institutions struggle to be reborn.

It remains clear, therefore, that the former Soviet Republics can take several basic but vital steps to move in the direction of a market economy without spending a significant amount of any nation's money. But even in the absence of these reforms, Russia and the other Commonwealth States have the potential to liberate funds for economic growth that would far exceed the sums authorized by the bill now before the Senate.

To illustrate this point, Mr. President, I need only to cite three powerful examples. First, the Senate Foreign Relations Committee report on S. 2532 admits that environmental carelessness in Russia alone consumes between 15 and 17 percent of the country's gross national product. This percentage and its cause boggle the mind. It is more than four times what the United States spends on national defense, and a few strong measures requiring just a sliver of the Russian GNP could save the Government billions of dollars while making the environment safer. As the committee report favoring S. 2532 notes, Moscow could begin this process by shutting down the most dangerous nuclear reactors, ending the disposal of radioactive waste in Arctic waters, and introducing cleaner pesticides to Russian farms.

Second, the Foreign Relations Committee report reveals that while energy exports routinely accounted for half of the foreign trade revenue of the Communist Soviet Union, they have decreased by 35 percent just over this last year of the non-Communist Soviet Union. An oil and gas conservation plan implemented by the Yeltsin government would allow the country to recover much of this needed export revenue. And once again, this money-making step on the part of Russia would not require an act of the United States Congress.

Finally, and most importantly, the Russians need to work harder to curb the size and the strength of their military complex. The latest arms control agreement between Washington and Moscow will drastically reduce Russia's budget for the production and maintenance of nuclear warheads. But the fact remains that weapons and other military requirements still account for more than 40 percent of the industrial output of both Russia and the Ukraine. Dozens of generals and scientists from the former Soviet Union now acknowledge that the armed services claim the greatest brains, the most money, and the best workers in the nation. Before American dollars trickle into this potential trap, we should see a specific blueprint for the reinvestment of these resources. What I have recommended, Mr. President, is a strategy for uncovering those problems blocking the economic renewal of the Commonwealth Republics that the Russian people can solve on their own before issuing a call for the financial aid of the United States. To make united government-to-government loans today would be to make payments for the management of Russia's misery by propping up the sterile economic forces of the state.

We can do better, Mr. President. From the dawn of the industrial revolution to the advent of the lap-top, we have a rich reserve of experience to offer the former Soviet Union on the pitfalls, success, and mysteries of democratic capitalism. So instead of blinding the Russians with bailouts, let's open their eyes to the promise of the market.

Thank you, Mr. President. I yield the floor.

NUCLEAR SAFETY AND ALTERNATIVE ENERGY IN THE FORMER SOVIET REPUBLICS

Mr. LEAHY. Mr. President, as we consider assistance for the former Soviet Republics, I want to mention a potential health and environmental catastrophe waiting to happen: the dozens of antiquated and unsafe nuclear powerplants in the former Soviet Republics and Eastern Europe.

Six years ago the explosion at Chernobyl spewed highly toxic radioactive dust throughout parts of the U.S.S.R., Scandinavia, and Eastern Europe. Hundreds of thousands of people were exposed to dangerous radiation. Today, a damaged sarcophagus covers the reactor and could collapse at anytime, resulting in a disaster far worse than what we saw in 1986.

There are another 15 nuclear reactors similar in design to Chernobyl in the former Soviet Republics, none of which meet current safety standards. In addition, numerous other plants in the former Soviet Republics and Eastern Europe continue to operate in an unsafe manner.

Imagine the damage these substandard reactors, spread across the vast Eurasian landmass, could do if only a fraction of them suffer a meltdown like Chernobyl. It could produce, in peacetime, the kind of global nuclear catastrophe we all feared during the height of the cold war. The condition of these reactors renders the human race itself an endangered species.

The current strategy of the major donor countries—funding short-term safety upgrades for these plants—does not adequately address this dangerous threat.

Instead, the administration should strongly encourage its partners to vigorously pursue alternative strategies that would assist Eastern Europe and the former Soviet Republics to become less reliant on nuclear energy. A concerted effort, supported by adequate resources, should be made to promote energy efficiency and alternative sources of power in those regions.

IMET FOR EX-SOVS

Mr. CRANSTON. Mr. President, last night a provision which grants the use of a portion of the international military education and training [IMET] assistant for training in economic security and development to the Republics of the former Soviet Union was passed on a voice vote as part of the Freedom Support Act debate.

When it was passed I was busy preparing my own amendment to the bill and I did not express my opposition to the IMET proposal. I do have grave concerns about any proposal which, in effect, helps to put the former Soviet military into the nation building or civic action business.

As I have expressed many times on this floor, nation building and civic action training tends to make the recipient militaries more politicized. It instills within them a planning ideology—the idea that a superficial knowledge of social problems gives the armed forces a great capacity for solving a nation's problems—and often pits their priorities and projects against those of cash-strapped civilian authorities.

I also question the wisdom of creating what are in effect state enterprises—military construction projects, and so forth—at a time we are telling the Russians and others that they are not privatizing fast enough.

If there is a surfeit of men and women under arms in the Republics—and I believe there are—we would do better to help them transition into civilian life, not provide make-work missions whose ill effects will only be known with the passage of time.

Therefore, I want to state my opposition to this provision for the record.

Mr. DURENBERGER. Mr. President,

> Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist.

Those were the words of Gen. George Marshall in 1947, describing the European recovery plan, which came to bear his name. As we undertake the challenges spelled out in this bill, his statement provides a much needed context.

Hunger, poverty, desperation, and chaos are the common enemies of humankind; they occur whenever and wherever the better forces of civilization are for some reason absent. They

destroy lives and destroy the growth of free institutions. As we have known throughout our history, a working economy which pays wages, produces goods and services, and provides opportunity for personal esteem and growth is the foundation of national well-being.

The people of the United States broke the cycle of destruction in the shattered nations of Europe after World War II through the Marshall plan, and it stands as one of the shining moments in the history of this Government and our people.

We provided financial assistance to citizens of countries that barely 2 years after we fought against them on the battlefields of Europe and on the islands in the Pacific. And we did so because we sought to preserve the peace to build democracies to replace the totalitarian dictatorships that had thrust us into the middle of a world war.

Because of the courage of George Marshall and Harry Truman, today the world no longer faces the threat of fascism and militarism in Western Europe or Japan.

Democracy, by its very nature, is the most fragile form of government known to mankind. Tyranny, dictatorship, and military coup stand in the shadows waiting for that single crack to emerge that allows the antidemocrats to seize control.

Mr. President, the Russian democracy is barely 7 months old. Less than 11 months ago, Boris Yeltsin stood alone on a tank in Moscow to preserve the emerging democracy and abort the coup. Let no one in this body think that other plotters, both Communists and Fascists, are not poised to steal democracy and return the world to the precipice of nuclear superpower confrontation.

We now have a similar historic opportunity: to help prevent the disintegration of Russia, the Ukraine, and Eastern Europe, and to create conditions in which democracy can take root and grow.

THE NEED FOR THIS BILL

We are living in a decade of revolutionary change; what was unimaginable a few years ago now is commonplace. Two unfortunate consequences of this time are either paralysis—wanting things to settle down before we act—and a desensitizing to the magnitude of the changes we are seeing. We need to overcome both those obstacles to take advantage of the opportunity history has given us.

If any of the leaders of the free world during the fifties, sixties, or seventies, could be presented with the situation we now face, they would exhort us to seize the moment to fulfill their deepest hopes. To put it in economic terms, the United States has spent over $6 trillion to achieve this very outcome: the end of totalitarian communism. So to balk at an additional investment of less than one one-thousandths of that amount to consolidate those gains is ludicrous.

History is a series of unique turning points. The people of Eastern Europe, Russia, and the other former Republics are endeavoring to change their economic systems, their political systems, their social systems, their national security systems, and their financial systems simultaneously. They need all the help—ideas, know-how, experience, and money—we can give them at this juncture.

There is a broader context in which these events are important. We must understand that the success or failure of the transition to democracy and free markets in the 12 former Soviet Republics and the three Baltic States will have an impact on the destiny of the world's remaining bastions of communism: China, North Korea, Vietnam, and Cuba. Those four nations still represent one-fourth of the world's population. Their current leaders are looking for evidence to sustain their regimes; their future leaders are looking for hope for a freer future.

The ominous fact must also be stated that 30,000 nuclear weapons and the largest conventional warfare force ever assembled did not disappear when the Berlin Wall was torn down. The safety of Europe and the world could depend on whether orders or chaos will reign in the former Soviet Union.

Having said that, both the importance of this task and our accountability to the American people demand that we have a blueprint, a plan for how we will use American resources to serve our common interest in this part of the world. This bill is an attempt to authorize funds and activities of the President which channel our efforts toward specific goals.

I must say, Mr. President, that I wish more effort had been put into defining our goals. They say that if you don't know where you want to go, any road will take you there. This bill is a start, but we have a ways to go.

WHAT THIS BILL WILL DO

First, this bill commits the United States to a portion of a multilateral effort to stabilize and integrate the economies of the former Republics with those of the West. In April the President stated the willingness of the United States to participate with the G–7 nations—Germany, Japan, France, Britain, Italy, Canada, and the United States—in a $24 billion economic assistance program. The U.S. share is estimated to be $4.5 billion.

This multilateral program is designed to stabilize currency, reschedule debt repayments and coordinate bilateral assistance efforts.

Second, in this legislation seven broad purposes for American efforts are outlines for which funds are authorized:

Using existing agencies such as the U.S. Information Agency and the National Institutes for Democracy to provide the framework for establishing democratic institutions and criminal justice systems;

Encouraging the formation of market economies through a range of technical assistance and training programs designed to create small- to medium-sized businesses;

Meeting urgent humanitarian needs, especially in health care and nutrition;

Facilitating increased trade and investment connections with the U.S. economy;

Expanding cultural and educational exchanges to provide broader exposure to democratic, free market ideas, including children's education television;

Transferring environmental and pollution control expertise to meet serious problems; and

Financing joint United States-Israel development projects in the region.

CONCLUSION

Mr. President, the foundation of U.S. foreign policy is not charity, or the need to be global policeman. It is based on our basic self-interest.

In the world we live in, there is no meaningful distinction between foreign policy and domestic policy. The interconnected economies of the world mean everyone suffers from chaos and everybody benefits from growth.

There can be no guarantee that money spent now will result in a given outcome in the future; it is the people of the independent States who will, in the final analysis, determine what happens. But there can be no dispute that providing this aid now will dramatically increase the chances of success. That makes this a solid investment for the future, theirs and ours.

I do recognize the significant objections to spending this kind of money on top of a $408 billion deficit an struggling economy. There is no question in my mind that we can and should find money somewhere in our $1.4 trillion budget to pay for this. If this is a priority, it must come ahead of something else.

I believe Secretary of State Baker eloquently summed up what is before us in December. He said:

The opportunities are historic.

We have the chance to anchor Russia, Ukraine, and other Republics firmly in the Euro-Atlantic community and democratic commonwealth of nations.

We have the chance to bring democracy to lands that have little knowledge of it, an achievement that can transcend centuries of history.

We have the chance to help harness the rich human and material resources of those vast lands to the cause of freedom instead of totalitarianism, thereby immeasurably enhancing the security, prosperity, and freedom of America and the world.

But, Mr. President, history will not wait for us. As Edmund Burke said, all that is necessary for the triumph of evil is for good people to do nothing.

To avoid the terrible risks of inaction;
To fulfill the hopes of generations of freedom-loving people in these places;
To make good on decades of investment of American national security resources;
And most of all to build a safer world for our children to grow up in.

We must act, Mr. President, and we must act now.

THE FREEDOM SUPPORT ACT

Mr. BYRD. Mr. President, last week I described what I viewed as serious defects in the committee-reported version of the Freedom Support Act. I knew then that various Senators would offer amendments to correct many of these problems. Indeed, amendments agreed to so far have made some improvements in this bill. I have sponsored some of these amendments and supported others in an attempt to make this legislation as palatable as possible, but I still have fundamental misgivings about our ability to launch another expensive foreign aid rescue effort.

The Senate recently spent several days debating proposed solutions to the deficit problems confronting the United States. In the course of that discussion, we heard great floods of information detailing the fiscal woes facing the United States. Our own economic situation creates a difficult environment in which to talk about foreign aid programs, even worthy aid programs.

There is no doubt that Russia and the other former Soviet states face severe economic problems, but we cannot ignore the fact that we have severe economic and unemployment problems right here at home. It seems to me that the administration is always ready with a handout to foreign countries, but it turns a blind eye to the problems in our own Nation. We don't have to go overseas to find poverty, unemployment, homelessness, or lack of hope and opportunity—those problems are epidemic in many of our Nation's urban and rural areas. I well know that in West Virginia, as in other States, people face unemployment, critical needs for basic infrastructure improvements, including better roads, bridges and sewer and water systems. The human toll of our domestic economic problems—measured in terms of education, health care, research advances, and family services—may be devastating to the Nation in the long run. Clearly, it is in the best interests of the United States for democracy and stability to prevail in the former Soviet Union and throughout the world, but we simply cannot afford to bankroll the economies of foreign countries at a time when we have so many critical unmet needs within our own borders.

Even with improvements that have been made in this legislation, it is still severely flawed. Yesterday the Senate spent several hours engaged in a debate over the status of Russian troops in the Baltic States. I understand that Senators on both sides of the debate want the troops out, but in my view the final resolution of that issue is a disgrace. I cannot understand the argument that we should not use our aid as a lever to get the Russian leadership to withdraw those troops. It seems that this should be a minimum requirement.

The debate over this bill has also cleared up one of the problems over immigration and refugee policy contained in the original language. A section that would have resulted in additional unspecified direct spending, making the bill subject to a point of order under the Budget Act, was eliminated. I consider this a marked improvement, because, as I have said previously, we should be concentrating our efforts on meeting our existing needs before we incur additional liabilities. However, another provision that relaxes the standards for admission to the United States as a refugee for certain groups of people in the former Soviet Union and Indochina remains in the bill. I do not consider this as an appropriate vehicle for making immigration policy. I would prefer to see the Senate engage in a comprehensive review of immigration and refugee policy rather than this piecemeal approach. I think we need to seriously review our current policies in light of pressing domestic needs and I look forward to that debate.

It is worth exploring the contributions that ought to be made to Russia and the new independent republics by the oil-rich states of the Persian Gulf. They should be feeling grateful to the former Soviet states. After all, the Soviets were not, for the first time in decades, putting pressure on our allies in the region, and so they were not distracted from prosecuting the war with us. It is clear that a hands-off Russia is in the interests of the oil-rich Persian Gulf States. Those are states where the coffers overflow with black gold, day in and day out.

What financial resources are those states contributing to this effort? Here's the answer—nothing. This is not surprising. The Congress had to pass legislation, authored by the Appropriations Committee, to hold up arms sales to Saudi Arabia, Kuwait, and the United Arab Emirates until they paid their large past due balances to the United States, balances on their promised contributions for our bailing them out from Iraqi aggression. They paid, finally, but many months late, after a long slow roll, and only after direct legislative action by this body holding up their ability to buy more arms. It is not surprising, them, that we are faced again with the same situation. The American economy is on the ropes while the economies of the Persian Gulf States are doing very nicely, as usual. We are contemplating new billions in aid programs for the former Soviet Union. But those Gulf States are not contributing. What are they doing? They are considering, thinking about, sending delegations to Russia to assess the situation.

This slow roll by the Persian Gulf States is not unusual, but I don't hear anything from the White House about leadership of a coalition to gather up some of that black gold for Russian aid. It is certainly in the direct national interests of those states to put the Russian economy onto a solid footing. I am informed by the State Department that we have been trying to stimulate the interest of the Middle East States in such an effort. Apparently we have to be the stimulator, but we have not gotten their juices running very fast.

The United States should not pay for our generous spirit and our concern for suffering around the world by being played for a sucker. We have already pledged more than 2½ times as much in total aid to the former Soviet states than has Japan. We have already pledged $6.9 billion for their assistance, while Japan has only pledged $2.7 billion. Of that, tellingly, the United States has pledged almost 23 times as much in technical assistance than has Japan. Japan has pledged a mere $5 million in technical assistance to help the former Soviet states in their transition to a market economy.

The United States total in pledged aid to date, $6.9 billion, is 60 percent above the amount pledged by the European Community Commission—a group of states that also must surely have a direct and vested interest in seeing stability and democracy emerge in the former Soviet states. But the E.C. Commission has pledged only $4.03 billion to help their struggling neighbors. As we debate the additional spending envisioned in this bill, we should not forget these numbers. How is it somehow so much more in our interest to help these struggling states than it is in the interest of our fellow industrialized nations? How is it somehow more in our interest to foster democracy and market reforms, in the hope of creating stability and economic prosperity in the former Soviet states, than it is for those nations who so recently expressed fears of having their own borders crossed by Soviet troops?

The United States should not, I believe, be digging more deeply into our own pockets, than are other nations with equal interest in establishing democracy and market-based economies in the states of the former Soviet Union, digging into theirs. If we give them the shirts off of our backs, we may be left shirtless ourselves. And I, for one, am not entirely confident that the rest of the world would leap to our aid any faster than they are leaping to the aid of the former Soviet states. We must not rob ourselves blind. We must take care of our own long-term eco-

nomic health and our own people, who, after all, are the ones whose shirts are being offered to the peoples of the former Soviet states.

I shall vote against this bill.

Mr. DOLE. Mr. President, in 2 days, all over this country, Americans will come together to celebrate America's Freedom.

Today, the Senate can take a "big step" toward preserving American freedom, and advancing fundamental American security, political, and economic interests.

We can do all of that by passing this very important piece of legislation.

Mr. President, in these days of budgets stretched to the limit, and deficits soaring out of sight, every proposal to spend taxpayer dollars for any purpose must be scrutinized carefully. Indeed, we can no longer afford just to, quote, "spend," unquote. Our standard must be whether any new expenditure represents a real investment in America's future.

This bill—whose real cost is about $600 million in new spending for the upcoming fiscal year—is a very cost-effective investment in America's future.

So, in my view, it is time to put aside partisanship, and pass this bill. In doing so, we will advance our principles, reaffirm our position as leader of the free world, increase our security, and boost our economy.

Mr. President, this legislation reflects the leadership of our President, President Bush, and represents the hard work of many Senators, Republicans and Democrats alike. I especially want to commend the chairman and acting ranking member of the Foreign Relations Committee, Senator PELL and Senator LUGAR, for bringing such a solid bill to the floor—and for moving it to the point of final passage so effectively.

It is high time we acted. President Bush has been pushing us to act on this legislation since he first proposed it in April. Despite being the target of persistent and unfair potshotting, he has stood his ground—and made it clear, again and again, that this is a matter of the highest priority for his administration and for our Nation.

Now, finally, it is our moment to act; to show the same courage and persistence that President Bush has shown.

Many of us thought that an even better and more appropriate moment to act was before President Yeltsin's visit to our Capitol. That would have sent a very powerful signal to the people of Russia, all the other Republics and the world, that the United States was going to do its share to help preserve democracy in the former Soviet Union.

Despite our urging, the Senate has been slow to act.

But regardless of what could have been, we at last have the opportunity today to stand up and be counted on this basic issue: will America keep its leadership role in the global effort to assist the fledgling democracies of the former Soviet Union?

Mr. President, the Freedom Support Act builds on the solid foundation of on-going programs of assistance to these Republics. It calls for a partnership of Government and the private sector to take advantage of new political and economic opportunities in the former Soviet Union.

This bill expands existing authorities for humanitarian and technical aid, and for badly needed agricultural credits for nations still struggling to feed their own people. It also provides support for vitally needed efforts to stabilize the currency of Russia and the other Republics—an absolute prerequisite for economic stability and growth in those Republics. And I particularly want to commend the Senate for its overwhelming support of the Gramm-Symms amendment on currency boards, which is in my view the best way to go in helping Russia and the other Republics stabilize their currency. The addition of that amendment makes this already good bill much better.

But let's make it clear: This bill is not a blank check for anyone. In committee amendments, we have capped total aid authorizations at reasonable levels. We have conditioned aid to any Republic on good-faith conduct by each of these new States in several important areas—human rights, economic reforms, non-proliferation of nuclear weapons and technology, and avoiding the use of military force against other States.

The conditions we have placed on our aid are important conditions. Their aim is to discourage irresponsible actions, such as Azerbaijan's aggression against Armenia and the people of Nagorno-Karabakh, and its imposition of a devastating blockade against Armenia. And in that context, too, I want to say a special word about the amendments we have passed dealing with the Baltics and with Cuba's dangerous nuclear program, which have strengthened this bill.

Mr. President, America must lead. But America cannot do this job alone. We cannot afford it, and we shouldn't have to try. We are not the only nation with a great stake in what happens in the former Soviet Union.

The assistance we are authorizing is part of multilateral effort, in which some $24 billion is to be invested in the Republics of the former Soviet Union. Despite that impressive total, as I mentioned, the real financial burden of this bill on the American taxpayer is modest—an estimated $620 million in new appropriations for 1992-93. And the largest dollar commitment we will make—the money to increase the IMF's global resources—results in no net budgetary outlays.

So this is real, and not just rhetorical, burden sharing. If we pass this bill, we will bear our fair share of the burden. If we torpedo this bill, we not only will be refusing to pony up a fair share. We will be abdicating our leadership role; compromising our ability to positively affect events that are vital to our well-being; and giving away a historic opportunity to advance America's security and economic well-being.

This is a critical moment in history. These fledgling democracies ultimately must do the heavy lifting. They must make the greatest sacrifices. They must take the greatest risks. They must do the hardest work.

And several of the leaders of these states are stepping up to that hard work. We all know what President Yeltsin has done. President Ter-Petrosian of Armenia is another good example of a leader who is moving his country toward democracy and a free market economy. And, in a courageous move, Ter-Petrosian has recently traveled to Turkey in a renewed attempt to normalize relations between Armenia and Turkey. We all hope that Turkey will respond positively.

Now it is our turn. We can, should, must help. We must help these fledgling democracies not only because it is the right thing to do, but because, in the process, we will also be helping ourselves.

Stable, democratic Russia, and other Republics, with open, growing economies, will save billions in defense spending, and open vast new arenas for investment and markets for trade, for United States businesses.

Even more important, if we make this timely and well-considered investment now, we can help ensure a more peaceful and prosperous future for the American people. Considering how much we have spent in the past half century—expenditures not only of dollars but of human life—to win the cold war, how could we ever justify—morally, economically, or politically—how could we justify not making this modest investment now?

President Yeltsin's outstanding speech to this Congress two weeks ago dramatically illustrated how far Russia has come from the tyranny, terror and cynical lies of the Communist era. Yeltsin affirmed that communism was dead, and promised it would never rise again in Russia. And I can tell you that Yeltsin's message was not some PR gesture for us in Washington. It was a theme he struck, again and again, to audiences of students, workers and farmers in my home State of Kansas. It is a theme which came not from some wordsmith, but from his heart.

Yeltsin literally put his life on the line last summer, when he stood on top of that tank in Kremlin Square and stared down the coup plotters. On the Issue of his commitment to freedom, Yeltsin got his credibility the old-fashioned way—he earned it.

Now he and his government team are working to implement political and

economic reforms. A daunting challenge, but one they are committed to. And, of course, we are not talking just about Russia. All of the new States—including Armenia, Azerbaijan, Byelarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turmenistan, Ukraine, and Uzbekistan—they all face a tough road ahead, and need every encouragement to get on, and stay on, the road to real reform.

We in Congress must put aside the pressures of our own election year, differences of party, temptations to try to wring political advantage from taking positions, one way or the other, on this bill. We must put all that aside, and work together to pass this bill.

We cannot allow this historic moment, and this profound opportunity to help the United States, pass us by.

Mr. President, prior to the tabling motion by Senator PELL of the Riegle amendment, I would like to include in the RECORD a statement dated November 13, 1989.

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

[From the Congressional Record, Nov. 13, 1989]

SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED) ACT OF 1989

Mr. RIEGLE. Mr. President, early next year, in a single giant leap, Poland is planning to transform itself from a socialist economy to a market economy. At that time, the Solidarity government will also attempt to extinguish Poland's hyperinflation by eliminating food, coal, and export subsidies and terminating the indexation of wages. In the month or two following these radical changes, the danger of social unrest and political instability will be extreme, since real wages are certain to fall while inflation is being wrung out of the system. There is an ominous historical precedent for such actions; Polish leaders were deposed in 1956, 1970, and 1980 as a result of rioting that followed attempts to slash subsidies.

It is crucial for the West to have adequate financial aid in place before this critical moment. However, our allies, the World Bank and the administration appear not to be moving with the sense of urgency demanded by such a potential watershed in history. To its credit, the Bush administration has signaled its support for a $200 million grant for currency stabilization purposes. But our European counterparts and Japan have not yet provided their own contributions for this purpose, and the administration appears not to be pressing them hard enough to contribute before Solidarity's cold turkey reforms are implemented early next year.

Mr. President, the period from now until March is the most critical. Electricity prices doubled the other week. Poland's exchange rate is being devalued continually. Its foreign exchange reserves have dwindled to mere two weeks worth of imports; three months is normal. This does not bode well for efforts to maintain public confidence during the reforms and greatly complicates the plan to make the zloty, the Polish currency, internationally convertible.

For this reason, the United States' $200 million must be levered into a $1 billion backup facility in order to build Poland's foreign exchange reserves to a level inspiring confidence in the zloty before early next year. Similarly, it is important for the World Bank to act at a pace that would make available by then its first, sizable structural adjustment loan.

The House bill and the Simon substitute include only general provisions supporting the extension of international financial aid through the World Bank and IMF. They make no mention of the need for the World Bank and IMF to act before this moment. Nor do they provide guidance on the level of multilateral financial aid that would be appropriate. The only exception is the provisions of $200 million for currency stabilization purposes.

The timing of international financial aid may prove to be as important as the aid itself. Western assistance must be in place before Poland's hour of greatest need in order to help foster public confidence in the reforms and in Solidarity's capacity to see them through. Indeed, the fate of Solidarity's historic experiment may ultimately hinge on the faith and patience of the Polish people.

For this reason, I am offering the following amendments to the Poland/Hungary aid legislation. They would:

First. Direct our representative to the World Bank to seek approval of up to $1 billion in financing for Poland in each of the next 3 years and to press for early action on a structural adjustment loan—general policy loan—in time to support Poland's giant leap early next year;

Second. Direct the administration to take the initiative in the G–7 to coordinate by January a back-up facility of up to $1 billion in the IMF to bolster confidence in Poland's currency as the Government tries to make it convertible; that is, to ask for contributions from Germany, Japan, et cetera, to leverage the $200 million authorized in the Simon substitute amendment for this purpose; and

Third. Direct the administration to expedite the application of the Brady Plan to Poland; that is, to broker and facilitate, as it did for Mexico, negotiations between Poland and the international banks on Poland's bank debt.

Failure of Solidarity's package of radical economic reforms could easily end Poland's experiment in democracy, have a chilling effect on reform elsewhere in the Warsaw Pact, and be a crossroads for East-West relations.

The United States must do what it feasibly can to help the Solidarity government through its courageous and historic program. These amendments are designed to help ensure that the U.S. Government fulfills this important responsibility. I urge their adoption.

Mr. SIMPSON. Mr. President, I rise in support of the pending legislation to provide assistance to the republics of the former Soviet Union in their attempted transition to capitalism and democracy.

Mr. President, world events in the past 3 years have proceeded at such a tremendous pace that we have barely had time to collect ourselves and to survey the vast changes.

We have witnessed a period of extraordinary events which few would have thought possible just a decade ago—the fall of the Berlin Wall, the liberation of Eastern Europe, the abortive coup against Gorbachev, the rise of Boris Yeltsin, the acquiescence of Russians in military action against Iraq, the birth of infant republics in Eastern Europe and all across Central Asia—and there are so many more. There is no question that the old structures which have defined geopolitics have disintegrated altogether.

As the old structures crumble, it is left to us—to those who realize it as well as those who don't—to determine what will take their place. Russia remains in a sort of purgatory, and it will not stay there forever. It will either progress to a stable and more democratic future, or it will take some other path—possibly toward a form of autocracy.

During this election year the American public has made clear—and rightfully so—that American self-interest must guide policy. So I am going to frame my remarks in those terms—in terms of, very simply, what this legislation will do for America.

Mr. President, this bill would authorize $620 million—not $24 billion, as is often said—in new spending for assistance to the republics of the former Soviet Union. It would not further increase the anticipated deficit because all funds expended would have to fall within the spending caps of the 1990 budget accord. It would not be designated emergency spending.

I would like to review a few of the events of this century in order to make clear what that $620 million will attempt to buy. The authorizations in this bill would be an investment in a peaceful future for American citizens. To fail to spend this amount now, and to then charge the American taxpayers later with the horrendous expenses associated with protection against a hostile superpower, would set a new standard for being penny wise and pound foolish.

On November 6, 1917, the provisional Kerensky government, which had replaced the deposed Russian czar, itself fell to Bolshevik revolutionaries who then created Soviet Russia. We will never know what sort of relations we would have had with the Kerensky government, but to this day, that was Russia's closest approximation of a democratic regime.

We do know that the revolution cost us an ally in the First World War, and that Americans fighting in that conflict would thereafter have to march against a Germany that could devote all of its military might to the Western front. 117,000 Americans died in that effort.

One generation later, another aborted democracy, the Weimar Republic, was displaced by Hitler's belligerent Nazi government. The Stalinist Soviet Union, hostile to the Western democracies and suspicious of their aid, signed a nonaggression pact with Hitler, securing his Eastern flank and again allowing Germany to throw its entire might westward at France.

407,000 Americans died in that war, many of them in an invasion of Europe that was made necessary by the fall of France.

After the Second World War, Americans were tired of international conflict and the come-home-America theme was sounded—as it is today. President Harry Truman, and Secretary of State George Marshall, were determined not to repeat the mistakes of the previous peace, and bucked public opinion in creating the Marshall plan, a massive assistance program which secured democracy and capitalism in Western Europe—and which helped to make the cold war winnable.

A young Congressman named Richard Nixon represented a district that was 78 percent opposed to the Marshall plan. Faced with that overwhelming opposition, he did what legislators ought to do when they are sure they are right—he went back to his district and campaigned relentlessly for the plan, sold his district on it, and voted for it. That sounds like my friend Dick Nixon.

That Marshall plan eventually resulted in over $10 billion in American grants and loans given out over a period of 3 years. The legislation before us today, authorizing $620 million in new money, is a modest commitment relative to that undertaking.

Today, under this plan, we will have the assistance of many of the nations which were saved then by the Marshall plan. It is a fitting tribute to the wisdom of such action.

After World War II, the cost to our Nation of a hostile Soviet Union expanded to include combat in Asia. 54,000 Americans were killed in Korea, fighting North Korea and Communist China, the Communist Chinese owing their control in part to the inspiration and support of Moscow. Some 58,000 Americans were killed in Vietnam.

The casualties of these wars, and the tremendous costs of maintaining a favorable strategic nuclear balance, represent only part of the cost to the American public, of lingering conflict with the Soviet Union.

We have a grave responsibility in this body to attempt to ensure that future generations do not have to face these kinds of losses of life, or of national resources. Compared with these deaths, and with the billions spent on the strategic nuclear balance, the $620 million before us, if it succeeds, could represent the greatest bargain that any President has ever offered the American people.

Alexis de Tocqueville, writing with extraordinary prescience, in the early nineteenth century, noted that "there are now two great nations in the world * * *. The Russians and the Anglo-Americans * * *. Each seems called by some secret design of providence one day to hold in its hands the destinies of half the world." This is our great chance to help to mold the destiny of the other half—a chance we have not had since 1917, and a chance we may never have again.

This bill recognizes the strengths and weaknesses of the Russian federation and the members of the Commonwealth of Independent States [CIS] and provides a comprehensive package of support to stabilize fiscal and monetary conditions, bolster budding market economies, and promote peace and stability in the region.

I cosponsored three amendments which I believe are truly important to furthering the fasttrack ominous reforms facing the former Soviet Union today.

The first, splendidly crafted by my fine colleagues Senators PHIL GRAMM and STEVE SYMMS, ensures that currency stabilization within Russia will be made possible by a currency stabilization board.

Creation of a currency stabilization board is a simple recognition of what has happened in the past to countries that have attempted the necessary but dangerous conversion to capitalism. Those with a central bank—much like the existing central bank in Russia—have never been able to resist the temptation to alleviate temporary economic distress by increasing the national money supply.

Under the currency board system, the board issues the notes and coins convertible into a foreign currency at a fixed rate. It accomplishes that task without discretion as to monetary policy—without the ability to flood the market with money or to tighten up. Market forces alone therefore determine the money supply.

It may seem like an esoteric distinction to some, but it is an absolutely vital component of economic transition. All around us are examples of nations experiencing triple-digit inflation because of the political use of a central bank. And, in Singapore and Hong Kong, we see the economic benefits of the currency board system.

Adoption of the amendment could well prevent us from seeing in Russia what we saw in Weimar Germany—people taking wheelbarrows of money to buy their bread, or burning paper currency to heat their homes. I commend Senators SYMMS and GRAMM for their leadership in this area.

I also supported an amendment which will assist business and commercial development in the former Soviet Union. This approach fully recognizes the important role of United States businesses in enhancing development and the vital restructuring of still fragile, yet burgeoning market economies of the now independent states.

Expanding the role of the Foreign Commercial Service and financing through the Overseas Private Investment Corporation, the Export-Import Bank of the United States, and the Trade Development Program, will strengthen U.S. trade and investment promotion activities and more closely link the coordination of initiatives involving government agencies and American expertise. I am optimistic that this provision will improve American competitiveness in the international marketplace and most importantly, create U.S. jobs.

Another important amendment I supported provides that no aid goes to any member of the Commonwealth of Independent States until it is demonstrated that they will fully cooperate with the United States on recovering any information regarding POW/MIA's of World War II, the Korean war, and Vietnam during the cold war.

This gives the United States needed leverage in the retrieval of any existing information that may remain in the newly free Republics.

My amendment, which passed earlier today, would encourage the President to ensure that the potential commercialization of defense-related commercial grade uranium from the independent states of the former Soviet Union be carried out in a manner that minimizes disruption to the international market.

Since the U.S. Department of Commerce found that six Republics were dumping uranium, my amendment will send an important signal. As the Republics develop their free market economies, we should encourage trading practices which are internationally accepted and consistent with U.S. trade laws.

To sum, Mr. President, let me say that there are no guarantees here. It is beyond our power to ensure that the Republics of the former Soviet Union become friendly or stable members of the community of nations. But the terrible costs, in lives and in resources, of the cold war should make it clear that it is our obligation to do what we can, the best we can.

If we do nothing and we return to the era of confrontation, it could cost us more per day than this legislation will cost in its entirety. This legislation is an appropriate and modest investment in benefits of incalculable magnitude.

I urge my colleagues to support the bill and I yield the floor.

STATEMENT ON AMENDMENT RELATING TO FORMER SOVIET TROOPS IN THE BALTIC STATES

Mr. RIEGLE. Mr. President, yesterday, the Senate considered Senator DECONCINI's amendment to S. 2532, the Freedom for Russian and Emerging Eurasian Democracies and Open Markets Support Act of 1992. I was an original cosponsor of that amendment which called for suspension of all but humanitarian aid to Russia conditioned upon significant progress toward the withdrawal of former Soviet troops from Lithuania, Latvia, and Estonia. I fully supported the DeConcini amendment and opposed the second de-

gree amendment offered on behalf of the State Department.

The language of the second degree amendment severely dilutes the DeConcini amendment by allowing foreign forces to remain on Baltic soil for up to one year—without the consent of the Baltic governments. The former Soviet troops are already in Estonia, Latvia, and Lithuania illegally. There is no reason to permit them to remain for another year.

Six months ago, I wrote a letter to President Bush, signed by 36 of my Senate colleagues, urging him to press President Yeltsin to remove these armed forces from the Baltic States.

Earlier this month, because withdrawal had not begun, I again wrote to the President along with Senator PRESSLER and 29 other colleagues, urging him to use the recent summit meeting with the Russian President to address the issue of troop withdrawal. I ask unanimous consent that these letters and the text of a resolution, Senate Resolution 196, which passed the Senate on November 23, 1992, urging withdrawal of former Soviet troops in the Baltic countries, be included at this point in the RECORD.

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

U.S. SENATE,
Washington, DC, January 30, 1992.

The PRESIDENT,
The White House, Washington, DC.

DEAR MR. PRESIDENT: For more than 50 years, Lithuania, Latvia, and Estonia endured the authoritarian rule of the Soviet Union imposed through the deployment of military forces in the region. Today, however, the Baltic states have restored their independence and have been recognized as free and sovereign nations by members of the international community.

Unfortunately, the territorial integrity of the Baltic countries is currently being violated because between 100,000 and 200,000 troops of the former Soviet Union are now stationed in these countries without the consent of the Baltic governments. According to Assistant Secretary of State Janet Mullins:

"No nation may station forces on another nation's territory without the permission of that nation. The United States supports this principle. As sovereign states, Lithuania, Latvia, and Estonia have the right under international law to request and have removed any and all Soviet forces stationed on their territory . . ." (November 22, 1991)

On January 5, 1992, at a meeting of the Baltic Council, the Presidents of Lithuania, Latvia, and Estonia issued a joint declaration urging the Commonwealth of Independent States to immediately withdraw all members of the former Soviet armed forces from their soil. But, Russian Defense Minister Shaposhnikov has contended that the withdrawal from the Baltic states can only occur after 1994.

The current deployment of former Soviet troops in Lithuania, Latvia, and Estonia is an issue of serious concern to the United States and its allies. The forces create a potentially volatile presence in the region during a sensitive period of transition to democracy. The Baltic states have specifically requested that these military units be removed now and U.S. policy recognizes the Balts' right to insist upon their withdrawal. The United States, therefore, should actively support the Baltic countries in this endeavor.

Members of this chamber have previously articulated their concern on this matter. On November 23, 1991, the Senate passed S.Res. 196 which urged you to ask former Soviet President Gorbachev "to begin immediately a prompt withdrawal of Soviet armed forces . . . and to undertake discussions with the governments of Lithuania, Latvia, and Estonia appropriate to facilitate that withdrawal." Today, we renew that request.

It is our understanding that you will meet with Russian President Boris Yeltsin during this month's summit of leaders of the 15 UN Security Council nations. We ask that you urge President Yeltsin to use his authority to ensure that members of the former Soviet armed forces are withdrawn from the Baltic states without delay.

The Baltic states have waited five decades for their freedom. Please help them see that it is fully achieved.

Sincerely,

Orrin G. Hatch, Alan J. Dixon, Donald W. Riegle, Jr., Robert W. Kasten, Jr., Robert Dole, Wendell H. Ford, Alfonse M. D'Amato, Paul Simon, Bill Bradley, Robert C. Byrd, John McCain, Ernest F. Hollings, Jesse Helms, Bob Smith, Brock Adams, Joseph I. Lieberman, Connie Mack, Barbara A. Mikulski, Al Gore, Slade Gorton, Daniel K. Inouye, Christopher J. Dodd, John W. Warner, Dennis DeConcini, Hank Brown, Malcolm Wallop, Bob Graham, Steve Symms, Harris Wofford, John Glenn, Tom Harkin, Daniel Patrick Moynihan, Paul S. Sarbanes, Larry Pressler, Arlen Specter, Dave Durenburger, Kent Conrad.

U.S. SENATE,
Washington, DC, June 16, 1992.

Hon. GEORGE BUSH,
The White House, Washington, DC.

DEAR MR. PRESIDENT: We respectfully urge you to raise the issue of timely withdrawal of Russian forces from the Baltic States during your discussions with President Yeltsin. Before taking office, President Yeltsin courageously supported independence for the Baltic States. But Latvia, Lithuania and Estonia cannot be fully free or independent with thousands of foreign troops stationed on their territory against the will of the people and governments of those states.

Russian armed forces are there illegally, contrary to the express wishes of the legitimate independent governments of Estonia, Lithuania, and Latvia. The Russian government has not demonstrated good faith by undertaking serious negotiations with Baltic governments for a rapid withdrawal timetable. We consider the presence of these troops destabilizing and believe they represent an obstacle to normal diplomatic relations between the United States and Russia.

We ask you to convey the gravity we attach to the unwillingness or inability of the Russian government and its military commanders to agree to a reasonable withdrawal timetable. While we understand there may be difficulties in removing over 100,000 troops and closing bases, we believe the effort to conclude a mutually-agreeable timetable for withdrawal is vital. Mr. President, we urge you to raise the issue of good faith signals with President Yeltsin. For example, we cannot understand why conscripts continue to be deployed in the Baltic States. In addition, units that pose the greatest threat to Baltic sovereignty, such as the 107th division in Lithuania, are not being removed.

Belligerent and threatening rhetoric by the Russian military, under the guise of protecting the Russian minorities in the Baltic states, is not helpful to concluding a reasonable pullout schedule. We note a recent statement by General Grachev, the Russian Minister of Defense, that "all possible means" will be used to protect the honor and interest of the Armed Forces of Russia.

We have great respect for President Yeltsin's actions in assisting the Baltic States to achieve their independence in 1991. We have no desire to handicap his efforts to promote representative government and free markets. However, we believe that he alone is responsible for the actions of the Russian military and that he must assure that a mutually-acceptable agreement is speedily concluded with the Baltic States on a timetable for withdrawal. Additionally, he should assure Russian adherence to this timetable and respect the sovereignty of these countries.

We consider a Russian demonstration of good will on troop withdrawal to be vital to the success of democracy and freedom in the Baltic States and Russia and a precondition to U.S. assistance to Russia.

Sincerely,

Larry Pressler, Donald W. Riegle, Jr., Arlen Specter, Paul Simon, Barbara A. Mikulski, Brock Adams, Alfonse M. D'Amato, Alan J. Dixon, Malcolm Wallop, Harris Wofford, Dennis DeConcini, Daniel Patrick Moynihan, Robert W. Kasten, Jr., Daniel K. Inouye, Bob Smith, Joseph I. Lieberman, Robert C. Byrd, Dan Coats, Jesse Helms, John Glenn, Hank Brown, John Seymour, Al Gore, Ernest F. Hollings, Wendell H. Ford, Christopher J. Dodd, Bill Bradley, Paul S. Sarbanes, Frank R. Lautenberg, Steve D. Symms, Edward M. Kennedy.

S. RES. 196

Whereas the rightful independence of the Baltic States of Lithuania, Latvia, and Estonia from the Union of Soviet Socialist Republics has been recognized;

Whereas more than 100,000 Soviet military personnel continue to maintain a presence in the Baltic States; and

Whereas the continued presence of Soviet troops threatens the peace and independence of the Baltic States: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should call upon the President of the Union of Soviet Socialist Republics to begin immediately a prompt withdrawal of Soviet armed forces from the Baltic States and to undertake discussions with the governments of Lithuania, Latvia, and Estonia appropriate to facilitate that withdrawal.

Mr. RIEGLE. Mr. President, 50 years of unjust occupation severely damaged the Baltic countries politically, environmentally, and economically. Today, the continued unwelcome presence of foreign military forces in the Baltic States delays the development of these newly emerging democracies. In fact, Latvian Deputy Defense Minister Valdis Pavlovskis warns that foreign troops remaining in Latvia pose a grave threat to his nation's territorial integrity. "They are not just troops sitting in barracks," he said. "The

Russians are actively trying to influence political and military developments in Latvia by organizing societies that are anti-democratic, anti-Latvian, even anti-Yeltsin, in an attempt to return to the old totalitarian system." Latvians fear that this leaves them vulnerable to any spillover of instability which might develop in Russia.

On March 19, 1992, the Russian Federation nominally began the withdrawal process, with a ceremonious departure of 49 officers and enlisted men. But such small steps are negated by the continued rotation of new troops into Baltic territory and the lack of a timetable for full withdrawal. Nevertheless, President Yeltsin and his military advisers state that because withdrawal had officially begun, the final date for complete exit was not important.

In all three Baltic countries, economic growth and development are now overshadowed by the continued unjust foreign occupation. High-profile yet unannounced provocations, such as Russian air and ground maneuvers, disrupt domestic tranquility and commercial activity. At the same time, Baltic inspectors are routinely denied access to military installations which occupy Baltic land and are owned by the Baltic governments. Moreover, the continued presence of former Soviet military forces creates great concern that Russia does not plan to relinquish valuable ports in the Baltic Sea. In January 1992, Estonia protested a document informally distributed by the Russian Government in Vienna which continued the outmoded Soviet military reference to Lithuania, Estonia, and Latvia as the "Baltic Military District."

Russian President Boris Yeltsin contends that withdrawal is impeded because his country does not have housing to accommodate 100,000-200,000 returning troops. While it is true Russia will have difficulty housing these soldiers, the bottom line is clear—the Russian Government is under a legal and moral imperative to remove its armed forces from Lithuania, Latvia, and Estonia. According to National Security Advisor Brent Scowcroft, "the three Batlic States, as independent and sovereign countries, have the right to expect that foreign military forces stationed on their territory be removed."

The Russian Government apparently expects the cash-starved Baltic governments to pay for accommodations for departing Russian troops, in the same way that the wealthy nation of Germany has. Not only is it unfair to expect the cash-starved Baltics to pay for the removal of unwanted foreign forces, but Russian Defense Minister Grachev remarked that withdrawal "will wait until they get wealthy!" Callous remarks like this have impaired the good faith of the negotiating process.

In his address to a joint session of Congress, President Yeltsin said that his people have chosen liberty and democracy for their country. While I support Russia in its historic effort to throw off the cloak of Soviet totalitarianism, the Russian Government must afford similar respect to neighboring sovereign nations. I implore President Yeltsin to present a timetable for withdrawal of his government's military forces from the Baltic Stats. If withdrawal of the foreign troops from the Baltic States does not soon begin in earnest, the United States should not provide economic assistance to Russia. I urge may fellow Senators to support the DeConcini amendment and reject the flawed, watered down approach contained in the second degree amendment.

The Baltic States cannot overlook the continued existence of occupying troops on their soil—nor can we. Let us be inspired by our own history of independence and the current diplomatic patience of the Baltic States to hold Russia accountable for its responsibilities to its neighbors.

Mr. BIDEN. Mr. President, I rise today in support of retention of the Lautenberg amendment to the Freedom Support Act.

I had the privilege to offer this amendment on behalf of Senator LAUTENBERG in the Foreign Relations Committee markup of the aid bill. The committee accepted the amendment unanimously, without debate.

The amendment extends for 2 years an existing law that would otherwise sunset on October 1 of this year. That existing law lowers the evidentiary standard required to qualify for United States refugee status for Soviet Jews, Soviet Evangelical Christians, religiously active Ukrainian Catholics, and certain categories of Vietnamese, Laotians, and Cambodians.

Under normal circumstances, refugee applicants must prove a well-founded fear of persecution to qualify for refugee admission. Under the Lautenberg law, once an applicant has proved that he or she is a member of a designated group, the applicant need only to prove a credible basis for concern for the possibility of persecution.

The law has no effect on the numbers of refugees admitted to the United States. That number is determined in annual consultations between the Congress and the administration. Therefore, the Lautenberg law simply gives greater opportunity to these historical persecuted groups to be considered for refugee status.

Mr. President, I know that some of my distinguished colleagues have questioned whether or not certain minority groups in the former Soviet Union, such as Jews, Ukrainian Catholics, and Ukrainian Orthodox, still face any real fear of persecution.

My answer to that question, unfortunately, must be that, yes, there is still a legitimate fear of abuse and mistreatment.

To their credit, the new governments throughout the former Soviet Union have largely divorced themselves from old Soviet policies preventing the free exercise of religion and discriminating against ethnic and religious groups.

But as my colleagues well know, the history of this region is replete with anti-Semitism and antiminority violence.

While such sentiments were generally suppressed by the Soviet system, the sudden freedom of the past months has brought with it open expressions of ethnic and religious hatred. Viciously nationalist, anti-Semitic journals are being published in Russia, a bomb was planted in a KIEV synagogue, and Jewish individuals in a number of cities have been physically attacked or subjected to anti-Semitic vandalism.

Mr. President, I was so concerned over conditions for minorities in the former Soviet Union that I recently called a hearing in the Foreign Relations Committee to explore the issue.

I can report that the unanimous view of the expert panel on that topic was that Jews in the former Soviet Union still had much to fear. In fact, when asked what they would do if they were living as Jews in the former Soviet Union today, each member of that panel said he would leave.

The Lautenberg amendment is an ideal way not only to help protect historically persecuted groups, but also to let their governments know that the United States will not just stand idly by if mistreatment and abuse occur.

Mr. LAUTENBERG. Mr. President, I am pleased that the Freedom Support Act includes a 2-year extension of a provision in current law which facilitates the granting of refugee status for certain historically persecuted groups. The law is commonly referred to as the Lautenberg-Morrison refugee law, since Representative MORRISON and I were its prime sponsors. A 2-year extension of the law was offered as an amendment by Senator BIDEN on my behalf during the Foreign Relations Committee markup of this bill. It was adopted unanimously.

The existing law formally recognizes that the historic experience of certain persecuted religious minorities in the Soviet Union and Indochina, and a pattern of arbitrary denials of refugee status to members of these minorities, entitles them to a relaxed standard of proof in determinations about whether they are refugees.

The law, which now is set to expire at the end of this fiscal year, lowers the evidentiary standard required to qualify for refugee status for Soviet Jews, Soviet Evangelical Christians, religiously active Soviet Ukrainian Catholics and Orthodox, and certain categories of Vietnamese, Laotians, or Cambodians.

Once a refugee applicant proves he or she is a member of one of these groups,

he or she only has to prove a credible basis for concern about the possibility of persecution. Refugee applicants normally must prove a well-founded fear of persecution.

Legislation to extend the law for 2 years has been endorsed by the Council of Jewish Federations, the U.S. Catholic Conference, the American Jewish Committee, the Ukrainian National Association, Inc., the Hebrew Immigrant Aid Society, the National Conference on Soviet Jewry, the Union of Councils for Soviet Jews, the New York Association for New Americans, the Lutheran Immigration and Refugee Service, and World Relief. I ask unanimous consent that copies of endorsement letters from these organizations be included in the RECORD.

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

COUNCIL OF JEWISH FEDERATIONS,
Washington, DC, May 7, 1992.

Hon. FRANK R. LAUTENBERG,
U.S. Senate, Washington, DC.

DEAR SENATOR LAUTENBERG: I am writing on behalf of the Council of Jewish Federations to express our deep gratitude and appreciation for your efforts to reintroduce the "Lautenberg Amendment" as part of S. 2532, the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act." As you know, your amendment when first introduced during consideration of the FY 1990 Foreign Operations Act, facilitates, the granting of refugee status to certain historically persecuted groups.

With a two-year extension of your amendment which clarifies the standard (a "credible basis for concern") by which refugee status is granted, groups including Soviet Jews, Soviet Evangelical Christians, Ukrainian Catholics, certain classes of Indochinese, and other groups for whom there is historical evidence of persecution will remain eligible for refugee status.

It is necessary that this liberalized standard be extended to ensure that a consistent and fair process is in place to thwart arbitrary denials and to address adverse conditions that continue to exist for persecuted groups, especially in the former Soviet Union.

As you are aware, antisemitism is on the rise in the former Soviet Union. Where Jews historically have been made the scapegoats of social, economic and political unrest, we are deeply concerned about recent geopolitical events in the former Soviet Union that have led to the establishment of independent republics that are unable to enforce human rights laws and unable to protect minority groups from abuse and violence. As republics organize and formulate citizenship laws that often exclude those who may not be considered "ethnically correct" for citizenship it is crucial that we continue to support Soviet Jewish refugees who wish to come to the United States.

We strongly support your amendment and believe that this provision in the past has had a profoundly positive impact on refugee adjudication and continues to be necessary because of deteriorating conditions in certain regions of the world.

Again, we thank you for your leadership on this issue, and if we may be of any assistance to you and your staff, please call Lisa Shuger Hublitz in our office at 202-785-5900.

Warmest personal regards,
Sincerely,

MARK E. TALISMAN,
Director.

THE HEBREW IMMIGRANT AID SOCIETY,
New York, NY, May 7, 1992.

Hon. FRANK LAUTENBERG,
U.S. Senate, Washington, DC.

DEAR SENATOR LAUTENBERG: Since you introduced the so-called Lautenberg amendment in 1989, there has been a smooth administration of the refugee adjudication program in Moscow allowing up to 40,000 Soviet Jews who wish to come to the United States to do so.

The Jewish community has been extremely grateful and aware of your efforts in this regard. The Administration as well has now seen the value of the Lautenberg amendment. Where once they opposed it, they did not oppose its extension. Recently, as you know, Secretary of State Baker indicated that he would not oppose its extension once more.

I understand you are considering introducing the amendment again. Let me strongly urge you to do that since the amendment is so vital to exit permission from the Soviet Union.

We in the Jewish community and at HIAS are ever grateful for your efforts.

With best personal regards,
Cordially,

BEN ZION LEUCHTER,
President.

THE AMERICAN JEWISH COMMITTEE,
Washington, DC, April 28, 1992.

Hon. FRANK LAUTENBERG,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: The American Jewish Committee thanks you for your efforts to extend the Lautenberg Amendment by seeking to attach it to S. 2532, the Freedom for Russia and Emerging Democracies and Open Markets Support Act, or whatever other vehicle you deem appropriate. The Lautenberg Amendment would extend for two years current law which facilitates the granting of refugee status to certain groups of Soviets and Vietnamese. The law first passed the Senate by a 97-0 vote in 1989. It became law as part of the FY 90 Foreign Aid Appropriations Act, and was extended in the FY 91 Foreign Aid Appropriations Act. It sunsets on October 1, 1991.

If extended, the Lautenberg Amendment would continue the current law's reinstatement of the presumption of refugee status to certain groups of historically persecuted people, including Soviet Jews, Pentecostals, Ukrainian Catholics and certain classes of Vietnamese. It clarifies the standard, a "credible basis for concern," by which refugee status is granted, and identifies the above cited groups as "targets of persecution" to whom this standard may apply. The amendment has nothing to do with the number of refugees annually admitted to this country. Refugee numbers are determined separately, during an annual consultation process.

The Lautenberg amendment has had a positive impact on refugee adjudication and continues to be needed because of deteriorating conditions in the targeted countries. In the Soviet Union specifically, anti-Semitism is on the rise, in an area of the world where Jews historically have been made the scapegoats of social, economic, and political unrest. There also is concern that republic governments may be unable to enforce the human rights laws they have developed and protect minorities from abuse and violence. The Russian Vice President, Alexander Rutskoi, has acknowledged recently that anti-Semitism is increasing, with not enough being done to counteract it. A disturbing number of anti-Semitic articles have appeared in conservative publications, and disturbing incidents have taken place, including the April kerosene bombing of a Moscow synagogue and the March desecration of graves in Odessa. Furthermore, a February 1992 staff report prepared for the use of the Subcommittee on Immigration and Refugee Affairs pointed to the continuation of anti-Semitism throughout the former Soviet Union and the fact that it is likely to continue for some time.

Thank you again for your leadership on this important issue.

Sincerely,

ALFRED H. MOSES,
President.

NATIONAL CONFERENCE
ON SOVIET JEWRY,
New York City, April 28, 1992.

Senator FRANK R. LAUTENBERG,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: The National Conference on Soviet Jewry represents nearly fifty national Jewish agencies and over three hundred local federations, community councils, and committees on issues affecting the Jews of the former Soviet Union (FSU). On behalf of our member organizations, we support your initiative to extend for two years a provision to facilitate the granting of refugee status for certain historically persecuted groups, including the Jews and other religious minorities of the FSU.

The last two years have seen momentous changes in the FSU. The situation of Soviet Jews has improved significantly in several areas: they now enjoy, to some extent, both freedom of emigration and cultural and religious freedoms that were previously denied. However, anti-Semitism remains and appears to be on the rise in many areas of the FSU; Soviet Jews face increasing manifestations of the ethnic hatred that threatens their well-being as well as their peace of mind. In addition, serious delays in Soviet emigration processing complicate their departure. It is clear that at this point Soviet Jews continue to constitute an historically persecuted group whose experience should be taken into account in determination of whether they are refugees.

We gratefully acknowledge your leadership on this important issue, we fully support your initiative, and we will work with you to ensure its passage.

Sincerely,

SHOSHANA S. CARDIN,
Chairman.
MARTIN A. WENICK,
Executive Director.

UNION OF COUNCILS
FOR SOVIET JEWS,
Washington, DC, April 26, 1992.

Hon. FRANK LAUTENBERG,
Hart Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: The Union of Councils for Soviet Jews enthusiastically supports your efforts to extend the Lautenberg Amendment for an additional two year period. Without your work to insure that Jewish refugees can immigrate to the United States, thousands would still be in the successor states to the Soviet Union without hope of gaining safety and freedom.

While significant changes have occurred in the new states in the region, Jews and other

ethnic and religious minorities continue to face persecution and violence. These dangers continue to demand the response that you created in the Lautenberg-Morrison Bill.

We have written to Senator Claiborne Pell urging him to support attaching the Lautenberg provisions to the bill authorizing aid to the successor states to the Soviet Union. This legislation clearly is an appropriate vehicle for the extension of the Lautenberg Amendment, and should gain wide support throughout the Congress and the country.

Thank you for your continuing efforts on behalf of Soviet Jews.

Sincerely,

PAMELA B. COHEN,
National President.
MICAH H. NAFTALIN,
National Director.

UNITED STATES CATHOLIC CONFERENCE,
Washington, DC, May 1, 1992.

Senator FRANK R. LAUTENBERG,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR LAUTENBERG: I am writing to express the strong support of the U.S. Catholic Conference's Migration and Refugee Services for your efforts to extend the Lautenberg Amendment, a legislation which facilitates the granting of refugee status for certain historically persecuted groups for another two years. The two refugee populations which have, for humanitarian and historical reasons, laid a special claim to the attention of the United States continue to experience special difficulties which call for the emphasis provided by the language of this legislation.

In the case of the Soviet Jews and other persecuted minorities in the former Soviet Union, the rapidly changing situation obviously offers hope of democratic governments in the newly independent republics. However, that issue is not yet resolved and, in the meantime, very worrisome indications of renewed anti-semitism and lingering intolerence and suspicions of Evangelical Christians and Ukrainian Catholics and Orthodox make it imperative that current programs continue undiminished.

The screening of Vietnamese asylum applicants for refugee status under the terms of the Comprehensive Plan of Action (CPA) is so restrictive at locations in Southeast Asia that it has called down the criticism of numerous human rights and refugee advocacy groups, such as Amnesty International and the Lawyers Committee for Human Rights. We have even identified, in some locations, former re-education camp prisoners who, after years of brutal confinement in communist prisons, are told that they are economic migrants and should return to Vietnam. In Hong Kong, despite such rigid screening in which only 20 percent of the applicants are now being found qualified as refugees, a further 50 percent of those who survive such screening are being rejected by INS officers as not political refugees.

Reports of some economic liberalization in Vietnam should not mislead anyone to think that there is no longer repression in Vietnam. The Communist party, at the Seventh Party Congress last June, once again reaffirmed its role as the only legitimate political party. Many persons continue to be arrested for expressing opposition to government policies or actions. Numerous religious leaders remain in prison or under house arrest. The Catholic Church is denied the right to act in many matters necessary to the proper functioning of the Church, such as the naming of seminarians, assignment of Bishops, and the like. The Buddhist Church and the Cao Dai and Hoa Hao sects are even more restricted in their actions and many members of all three have been arrested or rearrested in relatively recent times. Clearly, Vietnam remains a place where the attempts to live one's own life and enjoy respect for his human rights, free of the dictates of the government and party, carries with it severe penalties.

Your assistance in assuring that this provision of law, now scheduled to expire on October 1, 1992, is further extended for two years will be greatly appreciated.

Sincerely,

Rev. RICHARD RYSCAVAGE, S.J.,
Executive Director.

Mr. LAUTENBERG. Mr. President, the administration does not object to an extension of the law. I ask unanimous consent that Secretary Baker's response to a question I submitted through the Foreign Operations Appropriations Subcommittee be printed in the RECORD. The Secretary's response states that the administration does not object to an extension of the law.

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

QUESTION SUBMITTED FROM SENATOR LAUTENBERG, SENATE APPROPRIATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS, FEBRUARY 25, 1992

Question. Section 599D of the Foreign Operations Appropriations Act of FY90 (also referred to as the Lautenberg amendment) requires the executive branch to establish refugee processing categories for Jews, Evangelical Christians, Ukrainian Catholics, and Ukrainian Orthodox Church members and gives members of these categories an enhanced opportunity to qualify for refugee status. The provision expires on September 30, 1992.

In light of your testimony about conditions in the Soviet Union, do you favor an extension of the provision?

Answer. We would have no objection to an extension of the Lautenberg Amendment.

Although we are hopeful that the evolution of democracy and human rights in the former Soviet Union will in time reduce the number of refugees, we are not yet at the point where we would propose to change current refugee policy.

Refugee admissions from the Soviet Union area will average some 50,000 per year for the period FY 90–92.

51,000 in FY 90; 39,000 in FY 91.

Our refugee ceiling for FY 92 for the area of the former Soviet Union is 61,000.

For FY 93, subject to consultations with Congress later in the year, we would again expect the numbers to be in the 50,000 range.

Mr. LAUTENBERG. Mr. President, this law has had a real and positive impact on refugee adjudication. This liberalized standard is still necessary because conditions for the persecuted groups in the former Soviet Union and Indochina still exist, and in some cases, have worsened. While Soviet Jews have been permitted to emigrate in much greater numbers, those remaining face a greatly increased threat to their well-being.

Anti-Semitism and heightened harassment, violence, and public expressions of hatred by anti-Semitic groups like Pamyat are still occurring, and in some areas, are on the rise. While national policies may have changed, many local officials harbor old hatred for these historically persecuted groups. Evangelical Christians and Ukrainian Catholic and Orthodox continue to experience harassment.

This law is working as intended in the former Soviet Union. It has replaced an arbitrary and slow process of refugee adjudication in the former Soviet Union with a stable, consistent and fair process. It has meant that people already terrorized by longstanding hatred and persecution in their native lands are not further traumatized by a system that does not recognize their historical suffering, or makes arbitrary distinctions among people who have suffered similar fates.

Given the significant changes in the former Soviet Union, I believe a 2-year extension is justified. The INS estimates that it will take 2 years to process Soviet Jews who are in the pipeline—those who have begun the application process. Given questions about stability in the republics of the former Soviet Union, it would be unwise to let the law expire. Uncertainty pervades the lives of the historically persecuted in the Republics of the former Soviet Union. Soviet Jews, Ukrainian Catholics and Orthodox, and many Evangelical Christians still live in fear.

An extension is also necessary to facilitate the processing of refugee applicants from Vietnam, Cambodia, and Laos. Conditions have improved somewhat in these countries, but certain groups continue to suffer as a result of their previous associations with the United States, their political actions in opposing hardline Marxist governments which permits no political dissent or freedom of expression, and for their religious beliefs.

The law was originally approved by the Senate by a vote of 97–0 in 1989, and became law as part of the fiscal year 1990 Foreign Aid Appropriations Act. It was extended in the fiscal year 1991 Foreign Aid Appropriations Act. It sunsets on October 1, 1992.

Mr. President, this provision has no impact on the number of refugees entering the United States annually. Those numbers are determined annually through a consultation process between the administration and the Congress. The provision simply facilitates refugee designation.

I urge my colleagues to approve this provision as part of the Freedom Support Act.

Ms. MIKULSKI. Mr. President, I will vote against today's aid package for the former Soviet Union.

In the continuing resolution and rescissions bill, I voted to reduce the President's foreign aid package by more than $1 billion and to cut a further $160 million in foreign aid. I am not prepared to turn around now and start adding new foreign aid spending—

especially at a time when my own subcommittee is faced with $1.5 billion in cuts for veterans, housing and environmental activities.

Also, I am reluctant to commit the United States to a broad and generous aid program while many of the same old comrades are running today's bureaucracy in the Commonwealth of Independent States. As a Polish-American, I have a deep distrust of the people who imposed communism on Eastern Europe and the Baltic States for two generations.

I am willing to provide humanitarian assistance and help the former U.S.S.R. join the community of democratic and free-market nations. I strongly support efforts to help U.S. business get a foothold in the new CIS markets.

But before we provide new economic opportunity to the people in the former Soviet Union, we should provide a helping hand to the people at home.

In my home town of Baltimore there are 40,000 families on the waiting list for Federal housing assistance. Even in affluent Montgomery County there is a waiting list of 12,000.

Many of our veterans are waiting 9 months for an appointment at a local clinic, and by the time they get past the busy signal, the delays in adjudication and the delays in receiving their medications, it's often too late to arrest their illness.

Six months ago, when the subject of Soviet aid first came up, I outlined my principles for providing aid to the former U.S.S.R. In my statement I said that there was a real danger of overreacting to the crisis in the Soviet Union and wasting United States tax dollars in a well-intentioned but misguided aid program. I called for hardheaded humanitarianism; specifically—no cash to the new Republics; no loans or loan guarantees; send surplus agricultural commodities; send technical assistance; get something in return for our aid; either distribute the aid ourselves or monitor its distribution very carefully; make sure that other countries help shoulder the burden; coordinate our aid efforts with other donors; design our assistance program to benefit U.S. firms and create U.S. jobs. In today's bill some of these guidelines have been met; others have not.

In putting this aid package together, the Senate has made a sincere effort to guard against the possibility of default on United States loan guarantees and to require the Soviets to take specific political, military and economic actions before receiving any aid.

But these conditions and restrictions do not go far enough to suit me. Before making the CIS eligible for United States assistance I believe we should insist that all Russian troops be removed from the Baltic States and any other territory where they are not wanted. The Soviets should put up part of their gold, timber, and fossil fuel resources as collateral for loans and loan guarantees that they receive. We should have hard and fast assurances that U.S. businesses will receive a fair shake in their dealings with the new states. The President should not be able to waive the Senate's conditions on aid—no human rights violations, no military actions against friends of the United States, no delay on arms control agreements, no transfer of nuclear-chemical-biological weapons technology.

President Yeltsin's speech to the Congress was full of hope and promise. I was moved by it, but I cannot forget the history of the past 75 years. I urge my colleagues to continue to regard the former Soviets with caution and skepticism.

Mr. LAUTENBERG. Mr. President, I intend to vote for the Freedom Support Act.

For decades, America has focused its energy and resources on fighting the threats posed by the Soviet Union and seeking to free those living under the yoke of Soviet tyranny so they might have the opportunity to determine their own futures. Now, we've prevailed. The people of these areas have chosen democracy over tyranny and freedom over oppression. Communism in these lands is dead; the cold war is over.

Now, we must liberate our budget from the shackles of cold war thinking. We must drastically scale back bloated defense budgets and focus our attention and resources on the problems that plague the American people and diminish the quality of life for our children. We must provide sorely needed resources for programs that have been cut to the bone at the expense of cold war budgets—programs to improve our schools, our environment, and our health. We desperately need resources for programs to reinvigorate the economy and keep Americans working.

Providing more resources for the American people is a national necessity. That is why I have strongly supported efforts in the Congress—which unfortunately have been defeated with the active support of the administration—to tear down the budget walls and transfer defense dollars to domestic programs. That's why I have supported unemployment insurance for Americans in need, assistance for our neglected cities and infrastructure, and funds to help create summer jobs for America's youth and permanent, high-wage jobs for our people.

Ironically, our need to channel more resources to domestic needs is a major reason why I have decided to support this bill. This bill is aimed at securing peace and promoting stability in the Republics of the former Soviet Union and its former satellite nations. It authorizes assistance to help the former Soviet Union and Eastern European nations now so we can prevent the pendulum of time from swinging back to the days of hostility and antagonism in United States-Soviet relations. Back to the days when nuclear war was an immediate and terrifying possibility, and ever-growing defense budgets were a reality.

Stability, democracy and free market reforms in Eastern Europe and the former Soviet Union enhance our own security and permit us to shift resources from building weapons to rebuilding America. If those currently in power in Russia and the other Republics succeed, an easing of the arms race will continue, and our former enemies will continue diverting resources from defense to domestic needs. In turn, this will permit us to make deeper reductions in our defense budget and invest the dividends in rebuilding our economy and meeting our people's needs.

Mr. President, the years of the cold war have dominated much of my life. As a young man serving our country in Europe during the Second World War, I remember the surge of optimism that followed the Allied victories. But I also recall how those dreams of peace quickly turned into deadly conflict between East and West, a conflict which escalated into 45 years of tension—from the Korean war to the Berlin airlift to the Cuban missile crisis.

These memories make the events of the last few years all the more stunning. Freedom for Poland and other Eastern European nations. The fall of the Berlin Wall and German reunification. The breakup of the Soviet Union and the independence of the Baltics, Ukraine, and others. The blossoming of democracy. The death of Soviet communism.

During the cold war, who would have thought that a popularly-elected Russian President would address a joint session of Congress and receive a standing ovation?

Who would have thought that a Russian leader would pledge to reduce the defense budget by 40 percent, and then reduce it by 50 percent?

Who would have thought that a Russian leader would call for the deactivation of deadly missiles aimed at the United States before an arms control treaty has been formally ratified?

These events have been stunning, and the pace at which they have been unfolding has been dizzying. They inspire me to support efforts in the Senate—like this bill—to ensure that the brakes will not be put on reforms in the former Soviet Union. They inspire me to support efforts aimed at securing the peace and keeping the Republics of the former Soviet Union our friends, not our foes.

Mr. President, now is the time for our Nation to play a constructive role in shoring up stability in these nations. The nascent Republics of the former Soviet Union are at a critical juncture. The nations of the former

Warsaw Pact are struggling to rebuild economies destroyed by Soviet domination. Their democracies are fragile; their leaders are vulnerable. Already several leaders have been forced out of power. The Soviet coup of last August reminds us how precarious bold leaders are in the former Soviet Union, how tenuous their hold on power can be.

The leaders of the former Soviet Union have inherited more than 70 years of inefficiency and bureaucracy. They face monumental challenges in bolstering democracy and bringing economic reform and private enterprise to the people of the former Soviet Union. Their leaders are looking for our assistance in their bold experiment with democracy. They've promised to make our world safer by eliminating nuclear weapons. Together, with the Western nations of the world, we ought to help them accomplish that goal.

There is also an economic benefit for the people of the United States in this proposal. This bill would authorize assistance that will help promote private sector development and open billions of dollars in new markets for our goods. Some say that an open market in those Republics would yield over $50 billion in annual U.S. exports. That's good for our economic vitality and for American workers.

Mr. President, I believe it is in America's interest to help the former Soviet Union and the nations of Eastern Europe. Ultimately it will help in the struggle to bring defense spending down. While the military buildup of the 1980's enabled our arms industry to grow, it starved our cities of the vital dollars necessary to provide quality educational opportunities for our young. It has crippled our Nation's infrastructure, leaving American corporations at a competitive disadvantage and allowing high-paying jobs to move overseas. It has hampered efforts to protect and clean up our treasured beaches, oceans, rivers, and parks.

I believe, in the long run, that supporting this bill will help free up resources that can be reinvested in the American people. We cannot miss this opportunity. Ultimately, our industry will only be as competitive as our work force is educated. Our economy will only be as strong as our infrastructure is solid. Our lives will only be as healthy as our environment is clean.

By supporting the former Soviet Union, we will help to secure the peace that will enable us to rebuild our Nation. For this reason, I urge my colleagues to join me in supporting this bill.

Mr. SPECTER. Mr. President, although I strongly disagree with the Senate's rejection of the DeConcini and Specter amendments, I am voting in favor of final passage because I believe it is important to take this step to try to promote democracy and the free enterprise system in the former Soviet Republics. This bill could have been much better; however, even in its present form, it should be passed.

Mr. LEVIN. Mr. President, last night I was reading David McCullogh's new book on one of my heroes, Harry Truman.

In the chapter on the Marshall plan, the author described the difficult challenges of providing aid to Europe to help get it back on its feet after World War II.

Truman took on the challenge because, in the words of his Secretary of State: "It is necessary if we are to preserve our own freedoms * * * necessary for our national security," and because in the words of his Secretary of Defense the Marshall plan would help secure "the emergence of political and social conditions in which free institutions can exist."

Mr. President, the bill before us isn't a gift to the Russians and the East Europeans. It is to help the world be more secure for our kids.

The bill before us represents an opportunity we never thought we would have, to make a peaceful investment in the national security of our country and of future generations.

We have watched the breathtaking changes of the last 2 years with astonishment and joy—freedom and independence sweeping across the globe, dictatorships melting away in the very lands of my ancestors, in places we thought might never taste the sweetness of liberation in own lifetimes. We have laughed and cried and celebrated at the achievements of the Germans, Czechs, and Poles, the Hungarians, Ukrainians, and Lithuanians, Estonians, Latvians, Russians, Kazakhs, and others.

I have celebrated for them, and I have celebrated for us—for the receding shadow of nuclear war, for our soldiers who can now return home from foreign posts, for the productive new alliances we can develop with friends who used to be foes.

As the new Republics have obtained a gift of freedom and independence, so too have we been given a gift, a new opportunity to improve our own country and the lives of our people.

But these opportunities are at risk. Threats to democracy in those countries are threats against us as well. Democracy's enemy is our enemy as well. The survival of democracy and freedom now depends, more than anything else, on economic stability. Economic collapse is the most likely source of that chaos. If the value of ruble is out of control, if prices fluctuate wildly, then there is likely to be hyperinflation, public panic, and dissatisfaction. Hyper-inflation helped breed history's worst dictator—Hitler who, in turn, began the world's most destructive war.

Economic collapse has often provided the fertile environment for the birth and growth of totalitarian regimes, regimes which suppress freedom at home and pose a new security threat to other nations.

Russia and the Republics must do most of the work to avoid collapse and build democratic societies. But the United States and other nations can provide crucial help by making an investment in those societies. This will require investment of some resources from the United States and other industrial nations, but nothing like the resources we would pay if reforms were to fail in Russia.

Some have raised objections to this bill, calling it misplaced priorities, calling it a giveaway. Mr. President, that is a narrow view of what constitutes security for our Nation and our citizens.

I feel as deeply as any Senator about the needs of our people and the fragility of our economy. My own State of Michigan is suffering from inattention and the lack of leadership to solve domestic problems. We must take action to create jobs, reduce the deficit and invest in our human, and capital infrastructure. But ensuring that our new allies do not become our adversaries again is crucial to that effort. We have spent trillions to defend ourselves against the real and perceived threats of Communist nations under totalitarian control. If we hope to rebuild our country, we must not let that happen again.

And finally, this bill is no giveaway, it is an investment we make for our Nation and our future. This isn't a gift to other countries. If it were, adding an amendment to address some domestic needs wouldn't cure its flaws.

The dichotomy of "aid for us" versus "aid for them," are echoes of the comments of those who stood on the floor of this body 14 years ago. They were debating the Marshall plan, a vast proposal to spend billions of dollars to help rebuild the countries of war-ravaged Europe and prevent the spread of communism there.

Compared with the Marshall plan, the bill before us is relatively small but the debate took a similar shape. There was bipartisan support. The Democrat in the White House, Harry Truman, and a truly distinguished predecessor from Michigan, Republican Senator Arthur Vandenberg, a visionary internationalist who brought the two parties together helped push the plan to passage in the Senate, 69–17.

Then, as now, there were priorities at home, Senators who believed the plan was a giveaway.

Senator Harry F. Byrd from Virginia, said in March of 1944, on this floor in opposition to the Marshall plan: "I cannot believe that America alone can carry a good part of the world on our back and survive ourselves."

Senator Joseph H. Ball of Minnesota, said in that same Marshall plan debate

that economic assistance did not constitute "a workable policy."

Senator Ball was wrong. The policy worked. We helped rebuild societies that stabilized Europe and made it a bulwark against Communist aggression.

Mr. President, I cannot say that if we pass this bill there will be no backsliding in the newly independent republics. I cannot assure this body that democracy and freedom will survive there just because we give the President and the IMF the tools they need. But I do believe that if we fail to pass this bill, if we fail to authorize those tools, we are making it more likely there will be economic collapse in Russia and the other Republics. We are increasing the likelihood that totalitarian dictators will seize power. Will we withhold this investment and risk that result?

Mr. President, this bill marks our effort to keep these emerging democracies from the chaotic and confused conditions that could force us off the road of peace. It's not a giveaway, it is truly enlightened self-interest on our part. It is, quite possibly, an investment in economic stability now instead of bullets later. It is, in short, a national security measure.

This bill is our best, practical opportunity to assure that democracy develops peacefully in Russia and the other independent Republics of the former Soviet Union. This bill is an investment we can make in our own security and that of our children and grandchildren. This bill is an action we can take to help create a world of free peoples in a community of nations that is at peace. Symbolically, our vote for the Freedom Support Act is the Senate's acknowledgment now that the cold war is truly over, new kinds of security investments are the best way to protect our Nation.

My colleagues, we have enormous opportunities that we never thought we would have in our lifetime, both to reinvest in our own people and our own country, and also to invest in freedom, democracy, and human potential in countries that used to be adversaries. This is a priority security agenda. This is a key to our children's security. Future generations will thank us for having the courage and vision to invest in democracy and work for peace and security at this moment of opportunity.

I agree with my colleague from Michigan that Americans need help. We need to rebuild our cities; we need to improve the health of our people; we need to enhance the skills of our workers. We need to do all of this and more. But it will be impossible to address these issues as effectively as they deserve to be addressed if we have to begin a new defense build-up in order to confront an adversary with worldwide hostile ambitions.

The passage of the Freedom Support Act is necessary if the warm hopes for democracy in Russia that were kindled by the dramatic speech of President Yeltsin are not to be transformed into a new cold war.

Mr. DODD. Mr. President, when this aid proposal was before the Foreign Relations Committee in mid-May, I registered my strong opposition to it. The intervening weeks have not altered my view about the matter. I urge the Senate to reject this legislation.

I take this position, because in very large part, there is a bogus quality to the legislative package now before us.

There is a bogus quality to it because this legislation has more to do with politics than it does with policy. The White House wants some political cover. That's the principal reason for this legislation.

There is a bogus quality to it because much of this legislation is really unnecessary for the task assigned to it. The redundancy of this legislation is an intregal part of the charade being perpetrated.

There is a bogus quality to it because, on the one hand, the legislation appears to place significant conditions on the assistance to be provided, but on the other hand, it actually expands the President's authority at the expense of congressional oversight and conditionality.

There is a bogus quality to it because it is virtually impossible to say what the dollar price tag on this legislative package is. From the transfer funding provisions to the special drawing rights for the International Monetary Fund to the guaratee authorities, the total dollar cost remains elusive, if not incomprehensible.

And this legislation has a bogus quality to it because it serves to enhance the notion that the Treasury is a bottomless pit, that there are ample financial resources to meet both growing domestic needs, as well as expanding international commitments. We know this is not a credible position. The taxpayers know it too.

Mr. President, there was a time in the not-too-distant past, when how we dealt with an issue was essentially as important as the issue itself. It was the old question of ends and means and the notion that no matter how honorable or meritorious the objective, the processes and procedures used in getting there should be no less honorable or no less meritorious.

May I say that the goals and objectives of the legislation before us are much more laudable and supportable than the packaging in which they are wrapped.

Mr. President, we all want the forces of democracy to succeed in the former Soviet Union. Similarly, we all want the forces of free market economics to succeed and prosper. Likewise, we all want to see greater political and economic stability in that part of the world. In short, we all want the former Soviet Republics to be more like us, or to be more like our European allies and to follow the Western model of growth and development.

I share these goals and objectives. I firmly believe that our national interests will be advanced significantly by the attainment of them. That is why we should come to the aid of the reformers. That is why the Boris Yeltsins of this world deserve our backing and support.

But we can do all of these things without this legislation. We can do all of these things because there is existing legislative authority in the Foreign Assistance Act, in the Arms Export Control Act, in the Export-Import Bank Act, in the Overseas Private Investment Corporation Act, in the Peace Corps Act, in the State Department Authorization Act, and in various acts relating to agriculture and agricultural commodities. There is also existing legislative authority in other acts, particularly annual appropriations measures.

This collection of legislation provides the President with ample authority to undertake the kind of programs and projects that will aid and assist Russia and the other former Soviet Republics in making the transition to more open societies and more productive economies. But while providing such authority, these various acts also provide strong safeguards to ensure effectiveness and accountability.

Many of these legislative acts have long and detailed histories associated with them. This is no accident. Most of them are subject to annual review, to frequent reconsideration and refinement. They are regularly debated and re-debated. Often they are altered and amended. But by comparison, there is a large body of knowledge about these provisions and we have a good deal of experience with them. We know how the provisions are interpreted and implemented.

This is not the case with the legislation now before us. It is as untried as it is unnecessary. And Senators should keep in mind that its lineage is properly traced to the PR experts and spin doctors downtown. According to their script, any defining moment must have legislation to accompany it.

The measure before us is the result. It may serve the President's political purposes, but it should not be confused with sound legislation.

Mr. President, sound legislation is already on the books. We already have the legislative tools to do the job. We should take advantage of them.

I hope the pending measure is rejected.

Mr. PELL. 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.

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Mr. LUGAR. 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. LUGAR. Mr. President, I ask unanimous consent that no more amendments be in order.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

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

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

If there are no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. MITCHELL. 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, Shall the bill pass? The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from North Carolina [Mr. SANFORD] is necessarily absent.

Mr. SIMPSON. I announce that the Senator from Virginia [Mr. WARNER] is necessarily absent.

I further announce that the Senator from North Carolina [Mr. HELMS] and the Senator from Delaware [Mr. ROTH] are absent due to illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. HELMS] would vote "nay."

The result was announced—yeas 76, nays 20, as follows:

[Rollcall Vote No. 148 Leg.]

YEAS—76

Adams	Danforth	Kasten
Akaka	Daschle	Kennedy
Baucus	Dole	Kerrey
Bentsen	Domenici	Kerry
Biden	Durenberger	Kohl
Bingaman	Exon	Lautenberg
Bond	Garn	Leahy
Boren	Gore	Levin
Bradley	Gorton	Lieberman
Brown	Graham	Lugar
Bryan	Gramm	Mack
Burdick	Grassley	McCain
Burns	Harkin	McConnell
Chafee	Hatch	Metzenbaum
Cochran	Hatfield	Mitchell
Cohen	Inouye	Moynihan
Conrad	Jeffords	Murkowski
Cranston	Johnston	Nunn
D'Amato	Kassebaum	Packwood
Pell	Rudman	Thurmond
Pressler	Sarbanes	Wallop
Pryor	Sasser	Wellstone
Reid	Simon	Wirth
Riegle	Simpson	Wofford
Robb	Specter	
Rockefeller	Stevens	

NAYS—20

Breaux	Dodd	Mikulski
Bumpers	Ford	Nickles
Byrd	Fowler	Seymour
Coats	Glenn	Shelby
Craig	Heflin	Smith
DeConcini	Hollings	Symms
Dixon	Lott	

NOT VOTING—4

Helms	Sanford
Roth	Warner

So the bill (S. 2532) was passed.

(The text of S. 2532, as passed by the Senate, will be printed in a future edition of the RECORD.)

Mr. LUGAR. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. MITCHELL. Mr. President, I would like now to commend Senator PELL and Senator LUGAR for the diligence with which they pursued the important matter that the Senate has just approved by a large margin.

I congratulate Senator PELL for outstanding leadership and for patience and perseverance on this bill.

I believe that the United States response to these new countries is among the most important policy issues the United States faces in the coming decades.

Our response will have an enormous effect upon our Nation's future and upon the shape and character of future international relations.

Everyone agrees that we should be supportive of these countries' efforts to achieve real democracy and establish a free market system.

Yet there remains disagreement about the nature of this U.S. support.

The Freedom Support Act begins to answer this question in very broad terms.

Perhaps the most important element of this legislation is that it authorizes the U.S. quota contribution to the International Monetary Fund [IMF].

This is so important because of the unique and critical role that the IMF will play in guiding the economic reform programs of the States of the former Soviet Union. With this legislation, the United States moves that much closer to putting its money where its mouth is in full support of the IMF effort.

The act also authorizes a broad array of programs that can be undertaken in the coming months and years to foster the permanence of democracy and the vitality of open market economies in the former Soviet Union. These include National Endowment for Democracy and Citizens Democracy Corps programs, technical assistance to support legal reform and policy formulation, and programs to expand trade and investment with the United States business.

The legislation makes clear that any assistance the United States would provide requires those recipient States to uphold certain standards of behavior such as respect for human rights and nuclear nonproliferation.

This authorization bill marks the beginning of America's new effort to define and develop relations with the component parts of what once was our most deadly adversary.

The bill establishes a framework for U.S. assistance.

It sends a strong political message of support to those working on behalf of democracy in the region.

It is the beginning of what I hope and trust will be continually strengthening, mutually beneficial relationships between the United States and the countries of the former Soviet Union.

Mr. PELL. I thank the majority leader. I would like to express my own thanks to the majority leader for scheduling the bill and also to particularly thank my colleagues, Senators BIDEN and LUGAR, for their help. They were not only helpful on this bill but also in getting through this morning the START Treaty. And also I would like to make a public thanks to my staff, Geryld Christianson and Michelle Maynard, for the way they filled in so many blanks in my own mind in connection with this legislation.

Mr. President, I ask unanimous consent that the bill be printed as passed.

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

Mr. DOLE. Mr. President, let me take a minute to congratulate and commend both the distinguished chairman, Senator PELL, and the ranking Republican, Senator LUGAR, for their outstanding work on this particular legislation. In my view, this is historic legislation and the vote indicates strong bipartisan support, as there should be. There has been strong bipartisan support from the beginning from Members on both sides of the aisle.

And so I commend the chairman, Senator PELL, and Senator LUGAR for their dedication and diligence, and we are completing action on the bill at 10:50 Thursday evening, July 2.

Mr. PELL. I thank the minority leader for his words, too, and would add that it was a particularly good day from the viewpoint of Soviet-American relations because we got a START Treaty through this morning at 10 o'clock, and now we have this bill through at 10 o'clock at night.

Mr. CRANSTON. Mr. President, I, too, wish to congratulate the Senator from Rhode Island and the Senator from Indiana and many others who worked on this very important bill. I am proud of the Senate for the way it handled some amendments which

would have quite possibly destroyed this bill to strengthen democracy and stability in the Soviet Union and add to our own stability, which I am confident it will do.

UNANIMOUS-CONSENT AGREEMENT

Mr. MITCHELL. Mr. President, I ask unanimous consent that the majority leader may at any time turn to the consideration of Calendar No. 497, S. 2877, the interstate transportation of municipal waste bill; that a cloture vote on the motion to proceed to Calendar No. 493, H.R. 776, the energy bill, occur on Wednesday, July 22, at a time to be determined by the majority leader after consultation with the Republican leader; that the Senate begin consideration of S. 2877 on Monday, July 20, at the conclusion of morning business, for debate only on that day.

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

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

MORNING BUSINESS

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to morning business, and that Senators be allowed to speak therein.

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

GOOD LUCK TO MARY ARNOLD, ESQ.

Mr. BYRD. Mr. President, the Senate depends on hundreds of intelligent, highly motivated, talented, expert, well-informed, and exceptional staff men and women to operate smoothly and professionally.

From time to time, among this pool of vital assistants, someone shines even more brightly than the rest.

One such person has been Mary Arnold of the Republican Cloakroom.

For 9 years, Mary Arnold has facilitated the work on her side of the aisle, as well as this side, in a fashion that has won her the admiration and appreciation of Republican and Democratic Senators and staff people alike.

While serving in the Republican Cloakroom, Mary has also completed her legal education at Georgetown University Law School and was recently awarded her law degree. She has now joined a law firm here in Washington and departed her work here in the Senate.

I want to extend to Mary Arnold my gratitude and that of all of the other Senators and staff people on the Democratic side of the Senate Chamber, and to assure her of our best wishes for every success as she launches into another career—one that I know will be characterized by distinction, integrity, and brilliance.

NOMINATION OF SUSAN BLACK TO THE ELEVENTH CIRCUIT COURT OF APPEALS

Mr. GRAHAM. Mr. President, on June 4, 1992, the Senate Judiciary Committee held a hearing to review four nominees for the Federal bench—three for the district court and one for the Eleventh Circuit Court of Appeals.

At the hearing, both Democratic and Republican members of the committee expressed support for the nominees.

On June 11—just 1 week later—the full Judiciary Committee favorably reported these four nominees to the full Senate for review.

Since that time, the nominees have languished on the Senate's Executive Calendar and not been scheduled for action.

On June 18, four more Federal judicial candidates were considered in the Judiciary Committee and, on June 25, the committee favorably reported the four nominees to the full Senate.

The next day those nominees were confirmed.

Mr. President, no one has been able to explain the inconsistency with which these nominees have been handled by the Senate.

No one has come forward to express any doubt about the qualifications of the four nominees reported by the Judiciary Committee on June 11.

Yet, they have not been scheduled for consideration by the full Senate.

I urge my colleagues and the leadership to address this injustice and agree on a schedule for consideration of these nominees.

Three of the nominees are for the Federal district court—Irene Keeley for the Northern District of West Virginia and Sonia Sotomayer and Loretta A. Preska for the Southern District of New York.

The fourth nominee is the Honorable Susan Black, candidate for the Eleventh Circuit Court of Appeals in Atlanta.

The consequences of not acting soon are grave.

For example, the Eleventh Circuit Court of Appeals is already terribly shorthanded with 3 of the 12 authorized judgeships vacant.

One of the judgeships has been vacant since October 1, 1989, the second since August 31, 1991, and the third since October 30, 1991.

Susan Black was nominated to fill one of these vacancies on January 27, 1992. She has a long list of impressive legal credentials.

She earned a B.A. at Florida State University in Tallahassee, a law degree from the University of Florida, and an LL.M. from the University of Virginia School of Law.

After a short stint as a public school teacher, she became an assistant general counsel for the U.S. Government with the Army Corps of Engineers.

The Jacksonville State Attorney's office recognized her skills and recruited her to join their staff as an assistant State attorney.

In 1972, she went to work representing the city of Jacksonville as an assistant general counsel.

Soon thereafter, she was elected county court judge in Duval County, where she served until 1975, when the citizens of Duval, Clay, and Nassau Counties voted to elevate her to the bench of the Fourth Judicial Circuit of Florida.

In 1979, Judge Black was tapped by the Carter administration to join the Federal judiciary as a judge in the Middle District of Florida.

In 1990, she became chief judge for the district, a position she continues to hold.

Judge Black has been involved for some time in efforts to improve court management and has been an advocate for the judiciary, helping sensitize policymakers on issues important to the Federal courts.

She has a solid background in corrections issues, having lectured and prepared articles on the subject. In fact, when I was Governor, Judge Black oversaw a major case which led to the development of significant corrections policies in the State. I was impressed by her handling of the case.

She has also been a leader in legal education, particularly in the training of judges.

In the 1970's, she served as dean of a Florida school established for the purpose of training new State trial judges.

I am confident the Senate will find Judge Black a qualified nominee for the 11th circuit bench.

I am very troubled that her confirmation has been unnecessarily delayed, and I urge immediate action on her nomination and the others recommended by the Judiciary Committee on June 11.

THE ULTRACREPIDARIAN CRITICS TWADDLEIZE

Mr. BYRD. Mr. President, on Friday, June 19, ABC's "20/20" aired a program titled "Your Tax Dollars at Work." When "20/20 first contacted my office, we were told that the original theme of the program was to look at the Federal appropriations process. Unfortunately, "20/20" reporter John Stossel abandoned a serious look at our country's budget problems and, instead, focused on pork barrel politics as the cause of our Nation's economic woes.

In an attempt to bring some balance to the program, I agreed to an interview with Mr. Stossel—which occurred on June 3. It was my hope that I could help "20/20" to produce a program that would look seriously at what has caused our huge budget deficits and what will be needed to get them under control. In short, I encouraged "20/20" to rise above the temptation to trivialize the problem and, instead,

take the opportunity to educate their viewers as to the sacrifices that will be necessary to correct the situation.

As might be expected, "20/20" took the easy way out and produced a program that perpetuates the misperceptions of the country's fiscal problems.

Anyone viewing the program would believe that pork barrel projects are the root cause of the budget deficits. Little effort was made to point out the role that entitlements, mandatory programs, excessive military spending, foreign aid, and such things as the S&L bailout play in the process. "20/20" chose to feed on the cynicism and negativism that dominate public discussion of Congress. I invite "20/20" to revisit this issue and take a responsible look at the Federal budget.

Mr. President, I ask unanimous consent that a transcript of that interview, which lasted approximately 1 hour in my office, be printed at this point in the RECORD.

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

SENATOR BYRD'S

"20/20" INTERVIEW WITH JOHN STOSSEL, JUNE 3, 1992

STOSSEL. Does this $400 billion a year we're taking from our children, does that upset you?

Senator BYRD. What upsets me is the fact that the national media, in particular, focuses on what is glibly called "pork barrel" spending, and promotes the idea that if we cut that out, then all of our budget problems will be over. And that's a falsehood, and to the extent that the national media promotes that idea, it is a disservice to the people, because the media is acting under the false idea that this is serious reporting.

STOSSEL. And the media is off-base because this isn't serious money?

Senator BYRD. The national media is misleading the people under the guise that it is serious reporting.

STOSSEL. And we're off-base because this isn't serious money.

Senator BYRD. Most of what is glibly called "pork" is infrastructure—highways, waterways, airports, bridges, water and sewer projects, federal court buildings, research, education . . .

STOSSEL. All good things.

Senator BYRD. Absolutely. And infrastructure is the bone and muscle, and the lifeblood, of the nation's economy. And those who maintain that to cut out what is glibly called "pork"—what they are really talking about is infrastructure—would cure the nation's economic woes, are misleading the people.

STOSSEL. How are we going to reduce the deficit?

Senator BYRD. Well, this is where you come in. I think that the national media has a responsibility to help educate the American people about the federal government, about the federal budget deficit, and about the real cause of the deficit. Instead of that, focusing on so-called "pork barrel" spending is a cop-out. What it is doing, it is appealing to cynicism, dissatisfaction, and negativism.

STOSSEL. What should we focus on?

Senator BYRD. Focus on the federal budget deficits and the real causes. For example, the savings and loan crisis. That bailout has already increased the deficit $180 billion. Focus on the $11.6 billion that the Administration *forgave* 32 other countries last year—forgave their debts to the American taxpayers. Focus on those programs that are entitlements, like Medicare, that are skyrocketing, and other mandatory back-door spending, over which the Appropriations Committee has absolutely no control. Educate yourselves, first, so that you can educate the American people.

STOSSEL. Educate the people to expect less?

Senator BYRD. Educate the people to the fact that to get this budget deficit down is going to be painful, and everybody is going to have to sacrifice. And educate them to the fact that merely concentrating, focusing, on what is called "pork," which is in reality infrastructure: highways, bridges, water and sewer projects, waterways, airports, education—that cutting that is cutting out the bone and muscle of the nation's economy. And this idea of "pork barrel" spending, to eliminate that is to really eliminate the bone and muscle of the nation's economy. But to call it "pork" is to trivialize something that is very serious. The budget deficits are serious. And your children, and mine, are going to be paying interest on that debt that is created by these skyrocketing mandatory entitlements, and by all of the other litany of items like the Reagan tax cut which cost $787 billion in the first three years—all of these things. Educate the people. If you want to really, want to really talk about the budget deficit, have me on your program for an hour. Let me bring some charts and information, and I'll help you to educate the people, as to what the real problem is.

STOSSEL. And, again, just because we can't give you an hour, but we can give you a few minutes, if you were going to tick off what the real problem is—the real problem is not spending on infrastructure, it's what?

Senator BYRD. The real problem is a combination of many things. I've mentioned the tax cut by Mr. Reagan, in 1981. That started out, in the first three years, it cost $787 billion. By now, it has cost over $2 billion. And the rapid acceleration in military spending by Reagan in his Administration has added about $3 trillion. So, $2 trillion in the tax cut, and $3 trillion from the military buildup, plus the savings and loan bailout which has added $180 billion already and, which by the end of thirty years when that is supposed to run out, it will cost the nation $350 to $500 billion. In addition to these things, then the skyrocketing growth of entitlements like Medicare, mandatory spending, over which the Appropriations Committee has absolutely no control. These are the items that are going to have to be reduced, and it is going to be painful to the American people. And we, you and I, I as a politician and you as a part of the national media, have a responsibility to tell the people about the real causes of the deficit, and how painful it is, because we'll never get those deficits down until the American people understand the reasons and what the sacrifices are.

STOSSEL. If you had control of entitlements, you'd cut them back?

Senator BYRD. We don't have control.

STOSSEL. But, if you did?

Senator BYRD. The Appropriations Committee does not have control over 68 percent of the total budget.

STOSSEL. But, if you had control over entitlements?

Senator BYRD. I'm saying, we have to cut entitlements. They have to be cut, but the Appropriations Committee has no authority to cut them. That would have to be done by law.

STOSSEL. Let's go back to the infrastructure. Alright, accepting that "pork" is infrastructure. Yes, it's infrastructure, but why should you get so much of it?

Senator BYRD. Why should I get so much? I have been helping the country. At the budget summit, 1990, my pitch was that not only do we have a federal funds deficit, but we have an investment deficit. An investment deficit in infrastructure—highways, bridges, education, research, water and sewer projects. We have an investment deficit, and so my idea of my responsibility as Chairman of the Appropriations Committee, I think, is to promote the infrastructure of the country. That's what I have been doing.

STOSSEL. But, how does it promote it, to give so much money to your state?

Senator BYRD. Well, Webster and Hayne settled that issue in 1830. Hayne was against building a canal in Ohio, saying that it didn't help South Carolina. But Webster said, "We New Englanders don't trace rivers and mountaintops and lines of latitude to establish the boundary beyond which public improvements don't benefit us." West Virginia is one of the fifty states. What benefits West Virginia helps the nation. My state is a poor state struggling to emerge from a one industry economy. And so what have I been doing for West Virginia? I've been putting infrastructure there.

STOSSEL. How does it help the nation to have a fitness center, paid for by me, in your state?

Senator BYRD. A fitness center?

STOSSEL. The Fish and Wildlife Center's $44 million—now you want $150, I'm picking on the silliest part, as we in the silly press do, but . . .

Senator BYRD. That's not a silly part. That would promote conservation, environmental knowledge, and it would be a place where various agencies in the federal government can meet and train and educate their people, and it constitutes a savings to the taxpayer.

STOSSEL. How does it save me money to buy you a fitness center for this project?

Senator BYRD. Now, you're focusing on the one project. That's a cop-out.

STOSSEL. Why?

Senator BYRD. It's a cop-out because you're promoting the vacuous idea that infrastructure is not good for the country; that it is wasteful; that it is "pork."

STOSSEL. I just don't see how a fitness center is infrastructure?

Senator BYRD. Sure, I said I wanted to be a billion dollar Senator. But I wasn't talking about just cramming money into Appropriations bills out of consideration only for the money that goes to my state and not consider the merits of the projects. I promoted infrastructure all over the country. I would like to see every state in the union get a billion dollars. I'd prefer that over $20 billion in foreign aid every year. And, just a few days ago, the Senate passed a bill that came out of my Appropriations Committee, appropriating $2 billion to revitalize the urban areas of this country, and earmarking monies for the needs of Los Angeles and Chicago. That was $2 billion in one bill. Just three years ago, I brought out a bill that added $3 billion for the war on drugs, for anti-drug enforcement, $3 billion. One bill. So what I am saying is here, you're trying to use one Senator, and I don't mean this in a pejorative sense, but that is the approach here. Use one Senator, one committee, one state, pick out a few little items that go into that state and

leave the misimpression with the American people that that's what's wrong with government. That's what's creating the budget deficit. Now that's a cop-out.

STOSSEL. But isn't it wrong that you get so much more than other states? Is that fair?

Senator BYRD. I am not getting more than other states. There you go again. You just don't get it.

STOSSEL. The Transportation bill. Special projects.

Senator BYRD. Let's talk about the Transportation bill. That Transportation bill was dead in the water in the Senate until I came up with an amendment that found $8 billion to divide among the donor states and the other states in this country so that we can build up our transportation systems. All over this country. All over this country. So, it didn't just go to West Virginia. It benefits the infrastructure all over this country.

STOSSEL. But half the special projects money goes to your state. Half for the whole country, and half for your state?

Senator BYRD. Let me address that. When we build the Appalachian corridors, we are stimulating the economy. We are creating jobs.

STOSSEL. In West Virginia.

Senator BYRD. Don't interrupt me. You're not going to throw me off with interruptions.

STOSSEL. No, I'm not trying to throw you off.

Senator BYRD. Have me on for a half hour, and I'll blow you out of the water on this "pork barrel" stuff.

STOSSEL. O.K.

Senator BYRD. What we're talking about is infrastructure, and what benefits West Virginia when we build up its corridors, it stimulates the economy and takes people off welfare, and off food stamps, and off unemployment compensation, and puts them to work so that they can pay their taxes. When we build those corridors across the state, those corridors are not used just by West Virginians. They are used by you and by other Americans. And it improves the national security of this country, because we've got corridors across those mountain ridges so that commerce can move in time of peace and in time of war.

STOSSEL. That's great, but then why don't we spend $5 billion on Texas, and $10 billion on California, and $40 billion on Michigan. Where do we stop?

Senator BYRD. We have already spent $5 billion on Texas on the superconducting supercollider.

STOSSEL. But doesn't this hurt the country? Spending. You bring home some to West Virginia. He brings home some to Texas.

Senator BYRD. You know, I would think, that the national media could rise above the temptation of being clever, rise above the temptation to be cute. And that's exactly what a program like this is, a cutesy program. It devalues serious matters and tries to make the American people believe that somehow or other, what is wrong with government, what has gone wrong with the budget deficits, is this so-called "pork barrel" spending. That's a mistake. That's wrong. That's misleading the American people under the guise of serious reporting.

STOSSEL. I don't mean to take anything away from the seriousness of this, Senator. I think you are entirely right, and forgive me if I seem to be trying to be cute. I don't think we are. I . . .

Senator BYRD. I'm saying that the crepidarian critics who twaddleize—this is what you're doing right now.

STOSSEL. Twaddleize.

Senator BYRD. Twaddleize—trivializing serious matters—are misleading the American people.

STOSSEL. But this isn't trivial.

Senator BYRD. If you want a serious program, I'll help you with that.

STOSSEL. But this isn't trivial. This is a lot of money you're taking from me and my children to spend in West Virginia on roads that are not used by that many people.

Senator BYRD. You know what you are trying to do? You are trying to get me angry, but you are not going to be able to do it. I've been Chairman of this Committee 4 years, and I've given the budget serious thought and it's obvious that programs like this are not really familiar with the budget and the budget deficits. So, I say, get with it. Educate yourself about the budget deficits. I'll help you.

STOSSEL. Alright, well . . .

Senator BYRD. I'd like you to understand that only then can you make the American people understand. And we need you. We need the national media.

STOSSEL. Help educate me then. I don't understand why you wrote into the Fish and Wildlife Appropriations bill one project that will get more money for West Virginia than any state ever, and they didn't even ask for it.

Senator BYRD. We've already gone over that. I've already addressed it.

STOSSEL. Alright, I will move on. In special project money, without any public hearing, without any public debate, West Virginia gets $500 million, ten times more than any other state. That doesn't seem—fair. It seems like your bullying the other Senators, isn't fair for the country.

Senator BYRD. $500 million for what?

STOSSEL. For different—this is the category.

Senator BYRD. For infrastructure, highways, and so on.

STOSSEL. Do you often slip these things in?

Senator BYRD. Oh, no, they're not slipped in. Again, you are listening to the critics that twaddleize. These items go through the Appropriations process. They are passed on by the subcommittee, the full committee, by the Senate, and by the Conference with the House.

STOSSEL. But there is no public debate.

Senator BYRD. Oh! Not every item in the thousands of items in every Appropriations bill is debated on the Senate floor. But they all go through a screening process. The screening process consists not only of hearings concerning what you are echoing—the critics and the vacuous reasoning of the critics who don't understand the legislative process. Not only does the screening process consist of hearings, but it also consists of feasibility studies, agency needs assessments, audits. These projects go through a screening process. . . . (?)

STOSSEL. On their merit? The Congress wants all this money to go to West Virginia? It's not because you are powerful.

Senator BYRD. Congress wants this infrastructure to go to the country.

STOSSEL. But the Congress wants so much of it to go to your state?

Senator BYRD. The Congress wants it to go to the country.

STOSSEL. But the whole country doesn't get as much as you get.

Senator BYRD. Oh, that's a patent fallacy. The country is getting what I am getting. What I do for West Virginia, I do for the country. I am not short-changing the country. I'm building the country's infrastructure.

STOSSEL. And if every Senator built his state's infrastructure, where would we be?

Senator BYRD. We would be a lot better off than we are.

STOSSEL. We could afford it, and . . .

Senator BYRD. Instead of funding foreign aid, sending all that money overseas, why not spend it in this country? That's where it ought to be spent. The taxpayers of the country ought to be able to see their children get a good education. We ought to have the research that that foreign aid could buy.

STOSSEL. Even if we took all the money from foreign aid, it wouldn't pay per capita for all the bridges and wildlife centers you are building in your state. If every Senator did that, we'd be even more broke.

Senator BYRD. What about all the infrastructure here in the District of Columbia? You don't hear me complaining about this. You've got 400,000 government jobs, right here in this metropolitan area. Some of them are in Maryland. Some are in the Virginia suburbs. Some are in the District of Columbia. Look at the museums, the parks, the bridges, the metro system—all of the good things that are built here within the beltway. Now that's fulfilling the national need, isn't it? But anything outside the beltway, what I hear you say is, anything outside the beltway is "pork." Why not let the taxpayers outside the beltway also enjoy the benefit of some of their dollars—education, research, better transportation, better communications and commercial lines—that's what I'm doing. And you can try as long as you please. That's what you're going to get from me because that's the fact, you see. You need to familiarize yourself with the budget and the budget deficit, and what caused it and what will help cut the deficit. I don't mean to be acutely personal but . . .

STOSSEL. That's O.K.

Senator BYRD. I believe in answering you straight.

STOSSEL. And the money spent in the beltway is well spent—all that money you talked about. You are happy with that?

Senator BYRD. I didn't complain about it.

STOSSEL. So we should do more of that. We should do it in West Viginia, Oregon . . .

Senator BYRD. We should do it where it is needed. Infrastructure. I'm telling you we've been disinvesting in the country's infrastructure for years.

STOSSEL. We should rebuild every road, every courthouse . . . how much can we afford?

Senator BYRD. And we're trying to play catch-up ball. We're not able to compete with other countries of the world because, one reason is, they invest a greater percentage of their gross national product in infrastructure. How do they do that—Japan, Germany, England, France, Italy, Canada? These countries invest a higher percentage of their gross national product in highways, in better communications, in education, and that's why their productivity is growing and ours is not keeping up. So, what I am trying to do is build up this infrastructure, make up for this disinvestment, this deficit in infrastructure, and enable our people to produce and to compete in global markets.

STOSSEL. Are you planning any other big projects?

Senator BYRD. It isn't a matter of planning big projects. It's a matter of staying on course—to continue to promote investment in this country's infrastructure.

STOSSEL. And if every Senator invested in his state the way you are doing, we could afford that?

Senator BYRD. I am saying that this country can afford to invest in its future—your

children and my children. We are cheating them when we don't invest in their future. That's what I am trying to do.

STOSSEL. But how do my children benefit from you putting a new courthouse in Beckley? Beckley's not a boom town. They don't need a new courthouse.

Senator BYRD. There are new courthouses going into Charleston and in Beckley. Take Charleston, for example. Sixty percent of the federal workforce is scattered around in various leased spaces. That's 360 out of 600 people. A new federal courthouse will put these people in one location and give them more space in which to work, so that they can be more efficient. And it will also enable the federal courts and their workforce to operate more efficiently. Within five years, the federal courts in Charleston are going to outgrow themselves. So this is a savings for the taxpayers. It promotes efficiency, and it's for better public service.

STOSSEL. And in Beckley, too.

Senator BYRD. And in Beckley, there again, that will help to bring about consolidation of the federal workforce that is scattered around. It will enable the federal courts to better do their jobs, and it will also accommodate a new research and test center for the Internal Revenue Service, which will promote efficiency in the gathering of revenues. That's going to help. That's going to help you. That is going to promote efficiency and save tax dollars, and all the while, it will also build the economy of an area that has been hard hit.

STOSSEL. Well, clearly, you can justify every penny that gets spent in West Virginia. And it is not thrown in the ground, it's spent for infrastructure and real projects. But still, no limit? Are you not at all embarrassed about how much you got compared to the rest of the country?

Senator BYRD. Are you embarrassed, when you think you're working for the good of the country? Does that embarrass you?

STOSSEL. No.

Senator BYRD. I am not embarrassed either, when I work for the good of the country, when I promote what I see is a deficiency out there—our highways, our bridges falling down, our students not getting the education that they need, our falling backwards in research. And I feel that I need to do something for the country and for my state. Sure, my state is going to benefit, but the country is going to benefit.

STOSSEL. From a courthouse in Beckley?

Senator BYRD. Am I embarrassed by that? No, I am not embarrassed by that.

STOSSEL. Well, I thank you very much. You have answered these questions very directly.

Do you have another few minutes?

Senator Smith says, "As far as these special project monies, the stuff is just put in. The staff says, 'Hey, we need some money for an FBI Fingerprinting Center. Let's put it in there. No one is going to challenge Senator Byrd.'"

Senator BYRD. I have not heard Senator Smith say that. If I hear him say that, I will challenge him. The monies for the FBI facility are monies for better law enforcement. Law enforcement is not "pork barrel" spending. What this amounts to is a national fingerprint identification data base, the first of its kind, and it will be able to serve the law enforcement community all over the country. What we are talking about is, saving time in running down criminals, saving costs, and saving lives.

STOSSEL. Can't you run down those criminals from Pennsylvania? Why West Virginia?

Senator BYRD. I have answered your question.

STOSSEL. The process. Your critics say you and some other powerful people in Congress sneak in these special projects. They don't go through the full process. You put them in at the end in conference.

Senator BYRD. The critics, like the national media, don't understand the process, and they are trying to be clever with the process. They are trying to promote the idea that it is this amorphous entity, glibly called "pork barrel" spending, that is dragging the country down, creating the big budget deficits. They say these projects are not authorized. Is that what you are saying?

STOSSEL. Yes. I mean they pass, so they are authorized.

Senator BYRD. There is no general prohibition against making appropriations for a project or a program in the absence of an authorization. No general prohibition in the Senate Rules or in the precedents.

STOSSEL. Is it wrong? Shouldn't we debate these things?

Senator BYRD. The Constitution does not speak of authorization. It says that no money shall be drawn from the Treasury but in consequence of appropriations made by law. So, these are authorized when the Appropriations Committee moves an item. When a committee having legislative jurisdiction moves an item, that constitutes authorization. If we are going to talk about authorization, just to show you how frivolous such arguments are—in this fiscal year 1992, appropriations have been made to keep the government running, and many of the agencies for which appropriations have been made have not received an authorization—the FBI, the Federal Trade Commission, the Securities and Exchange Commission, the Federal Communications Commission, the Office of Management and Budget—Mr. Darman's office—the Immigration and Naturalization Service. These are all in there. And yet, we have to appropriate money for them to keep the government running. So what those people who want to quibble and use words such as "authorization," they need to take a course in the legislative process. (?) They are not familiar with it? And the national media are not familiar with it, after sitting up there in that gallery all these years, they don't learn anything about the appropriations process.

STOSSEL. Oh, I think we know it's legal, but is it right?

Senator BYRD. It's not a matter of its being legal. It's the appropriation process. What gave the Senate the authority to make its own rules? The Constitution of the United States. As I've said, these items are not without a screening process. These very Senators, one of whose names you used, have the opportunity to stand on the Floor and offer amendments to take out anything they want to try to take out, on any bill that comes to the Floor of the Senate.

STOSSEL. They lose it. They try to kill it.

Senator BYRD. They don't try. Lose? If at first you don't succeed—that process goes on in the Appropriations Committee, in the Senate. You can go to the Conference with the House and bring back the Conference reports, and, again, on the Conference reports, any Senator can offer amendments if there are amendments in disagreement between the two Houses. Any Senator can offer amendments to take out anything he wants.

STOSSEL. Will he succeed?

Senator BYRD. Well, he has to try. He won't know until he tries.

STOSSEL. Rumor has it you keep a list of those opposing you, an enemies list, in your wallet. Is that true?

Senator BYRD. That's one of the myths in this grand canopy of Senatorial mythology that is absolutely baseless. I've been around here long enough to know that a Senator whose vote I don't get today on something that's as important as a $3 billion drug enforcement package that I put into one of the appropriations bills, the $2 billion urban renewal projects that I put in earmarked for Los Angeles and Chicago—I have been around long enough to know that the Senator who doesn't vote for me today may be the Senator who, tomorrow, will vote for something else that will be important for the nation. So, there is no place around here for a list of members who vote against me today. And I would be a small Senator and I would be a small mind, a small statesman to attempt to guide my ship (?) while looking back over my shoulder and counting votes that I missed.

STOSSEL. Do you want to say anything about the Executive "pork" that you wisely chopped.

Senator BYRD. No, I've said enough on that.

STOSSEL. O.K. and then, my last question, again, about—what's good for West Virginia is good for the country? Isn't this kind of like stealing from the public to give it to your friends.

Senator BYRD. If I were to let my natural instincts go, I'd be very much angry about such a statement. You know why? I represent a noble people. They've been isolated. They've been castigated. They've been made fun of, and they've suffered in recessions. They pay their taxes. They sent their boys and girls to the Persian Gulf, to other wars—they're patriotic—you're not going to deflect me from my course. Let me finish. Then to imply that this is stealing.

STOSSEL. Taking my money, and giving it to them.

Senator BYRD. To imply that this is stealing is trashing the great people of West Virginia. (?) I am going to meet you on your own territory, and I am going to battle you as long as you want to fight over these vacuous implications that have been drawn from what is called "pork barrel" spending.

STOSSEL. I think you mis-hear my question then because I don't blame the people of West Virginia. I am sure they're very needy, and they would like this money. But you're taking public money, my tax money, and giving it to your friends. That doesn't seem fair.

Senator BYRD. You've said that about twenty times, and I've answered it about twenty times. When you and "60 Minutes" are ready to seriously examine the federal budget and the deficit, and what is needed to bring the deficit under control, I'll be ready and happy to contribute to that program by being on it, using charts and information, because that would be a real service to the country.

STOSSEL. That would be. And I hope we have 60 minutes to do that. I hope we spend more time on budgets and less time on—sex. Thank you for answering these, I'm trying to think of your word, for the questions. But, thank you.

TRIBUTE TO FORMER SOUTH CAROLINA STATE SENATOR REMBERT C. DENNIS

Mr. THURMOND. Mr. President, I rise today to pay tribute to the memory of a good friend and distinguished son of South Carolina, State Senator

Rembert C. Dennis of Berkeley County, who passed away on June 20, 1992. Rembert Dennis was a man of integrity, ability, and dedication, who devoted his life to helping others. He will be sorely missed by those he served so ably.

Senator Dennis, who was a third generation State senator, was a force to be reckoned with in South Carolina politics for 50 years. I had the pleasure of working with him on many occasions when I was Governor and in the years afterward, and I was always impressed by his keen intelligence and common sense, as well as his determination to do the right thing.

A graduate of Furman College and the University of South Carolina Law School, Senator Dennis served in the South Carolina House of Representatives for 5 years before moving to the State Senate in 1944. That was also the year he married the lovely Natalie Brown of McCormick, whose family I knew well.

Senator Dennis steadily rose in the leadership of the senate, eventually serving as chairman of the senate finance committee and president pro tempore. In his position as finance chairman, he sat on the State budget and control board, and his wise adherence to conservative fiscal policies was a great asset to our growing State.

In addition to his many other good qualities, Senator Dennis had an unusually fine personality. He truly had the common touch, and his warm manner and well-developed sense of humor made him as popular as he was respected. He was never too busy to give advice to a junior colleague or help someone with a problem, and his sincere interest in others endeared him to his friends and constituents alike. It was easy to see how he could be reelected time and again.

Although others saw him as a very powerful man, he viewed his power as an increased responsibility to do well by the people of his district and the State. When his health forced him to retire in 1988, he apologized for no longer being able to serve. He said he considered himself lucky to have been able to work for South Carolina for so many years.

Mr. President, Rembert Dennis was a true southern gentleman, a devoted husband and father, and a man of vision. His brilliant mind, compassion, and wit will be sorely missed by a wide circle of friends and admirers, including this Senator. We were lucky to have him.

I would like to take this opportunity to extend my deepest condolences to his lovely wife, Natalie Brown Dennis; his daughters, Dorn Dennis Jordan and Beatrice Markley Dennis; his sons, Rembert C. Dennis, Jr., E.J. Dennis, and Luke Tindal Dennis; and the rest of his fine family.

I ask unanimous consent that editorials from the State newspaper and the Charleston Post & Courier be included in the RECORD following my remarks.

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

[From the State, June 24, 1992]

TAPS FOR THE OLD GUARD

The death of Rembert Coney Dennis at the age of 76 memorializes an era when rural legislators dominated the affairs of South Carolina with benevolence and, often as not, enlightenment.

When he retired from the Senate in 1988, the S.C. General Assembly lost its last link with a legislative era that had lasted more than a half century. The broad-shouldered, ruddy-faced Berkeley Democrat served his state and community ably as a voice of reason and fiscal conservatism.

Mr. Dennis served in the Legislature through the administrations of 15 governors, beginning with the late Burnet R. Maybank. But his mentor was the late legendary "Bishop of Barnwell," Sen. Edgar A. Brown, who made the young senator his right-hand man on the powerful Senate Finance Committee. Mr. Dennis learned well, and in Mr. Brown's years of failing health, eased into the control seat for important legislation.

When Senator Brown retired in 1972, Senator Dennis became chairman of the Finance Committee and, as such, earned a seat on the five-member State Budget and Control Board.

Senator Dennis attracted his share of brickbats from the media and fellow legislators for what were perceived as abuses of prerogatives as a state high-ranking official. Those cavils aside, his legacy is one of which he was rightly proud. In a September 1987 interview at his home, where he was recovering from surgery, he cited his role in maintaining a stable, conservative fiscal policy, sponsorship of legislation creating the farm-to-market road system and providing state surplus funds for local schools.

His firm support was hugely instrumental in passage of the Education Improvement and Educational Finance acts.

At times hot-tempered, Senator Dennis was, for the most part, courtly and quiet-spoken with an occasional flair for humor and self-deprecation. Still hurting from a second traffic accident, he returned to the Senate in 1986, and remarked ruefully:

"This old warhorse is not ready for pasture. I don't know how much I can gallop, but I'm going to at least trot along."

Two years later, Rembert Dennis retired to deserved pasture in the Low-country to reflect on a baronial career filled with striking achievement.

[From the Charleston Post & Courier, June 23, 1992]

DENNIS' DEATH "END OF ERA"

This state has had a handful of legislators who have wielded more power than most governors. Rembert Coney Dennis, the man who for so long was known as the senator from Berkeley, was one of them. Indeed, he was the last of them.

When the young lawyer from Moncks Corner first went to the Legislature in 1939, each of the 46 counties had one senator, regardless of its size. In those days, county government was weak and run by the local Legislative Delegation. At that point, the senator and House members were elected countywide.

But with rare exception it was the senator who was the dominant political figure in his county, particularly in the rural areas that some said resembled baronies. No local legislation passed nor any key appointment was made without the senator's blessing. The goal was to become virtually unbeatable in one's county in order to build up seniority in the Statehouse, and rural senators generally were more successful at that than their urban counterparts.

Rembert Dennis knew very well how the system worked before he entered the Statehouse. His father and grandfather had been in the Senate before him. It's been noted that had his father not been shot on Moncks Corner's Main Street and had an elder brother not died a year later, young Rembert might have become a doctor rather than a lawyer-legislator. But it's hard to imagine that anything would have suited him better.

Within five years of being elected to the House, he was occupying his father's old seat in the Senate. And he learned well from such masters as the senator from Marion, L. Marion Gressette, the long-time chairman of the Judiciary Committee; and Barnwell's legendary powerhouses, House Speaker Solomon Blatt and President Pro Tempore of the Senate Edgar Brown.

For 50 years, Sen. Dennis traveled from Moncks Corner to Columbia, working his way up to become chairman of the powerful Senate Finance Committee and the acknowledged budget expert. In those days governors couldn't succeed themselves. If they were to be at all successful, they had to have the cooperation of a few key, veteran legislators. Many factors have diffused that power in recent years, including changes in the method of election.

While Sen. Dennis knew how to keep the voters back home happy, he was never considered parochial in his vision. For decades he was a key figure in helping the state attract new investment and maintain its fiscal integrity. And he was there, helping lead the way for educational reform.

Over the years, he touched the lives of thousands of South Carolinians and mourners from all walks of life crowded the First Baptist Church of Moncks Corner for his funeral Monday. The politicians were there too, from the courthouse to the Statehouse. They included seven men who have been governor over the past 38 years.

Republican Gov. Carroll A. Campbell, Jr., told of the kindness of the veteran Democratic legislator when the governor was a freshman House member. Former Gov. Robert E. McNair talked of Sen. Dennis ability to bring people together and find ways "to reach agreement in a civilized, dignified and gentlemanly manner," and how his death on Saturday at the age of 76 truly is the "end of an era."

Gentlemanly, he was. And strong. He proved that by the way he faced adversity late in his life, including two automobile accidents from which he never fully recovered, and a devastating fire at his historic plantation home, which he lived to see rebuilt. Finally, however, the trips to Columbia got to be too much. He bowed out gracefully in 1988, but those who knew him also knew how hard it was for him to leave public life.

Mr. McNair closed his remarks Monday with these words of the senator himself, spoken when a portrait was hung in the Senate chamber several years ago:

"When generations of senators years from now look at this portrait and school children ask who it is, I hope someone will answer for me that no one loved this senate more or enjoyed serving his state more than did Rembert Dennis. And I hope they will say

that it is a picture of a man who considered himself to be the luckiest of people, to have had family, friends and colleagues who made his life a constantly elevating experience."

As the former governor noted, this state was lucky too.

FARM POPULATION DECLINE

Mr. DASCHLE. Mr. President, South Dakota passed a milestone in the last census. For the first time in our history, we had a city that passed the 100,000 population mark. Looking at this development alone, one might take it as a sign of progress, or prosperity. Undoubtedly it is, for the town that grew, but the scene takes on a different character when we broaden our focus to the entire State.

The same census that confirmed we had a thriving city with a population in six digits in our State, also told us that only 14 counties out of 66 experienced an increase in population in the decade of the 1980's. Other counties all across the State lost up to 20 percent or more of their populations—an out migration of one in every five inhabitants for some counties in the 1980's alone. When we look at the farm population alone, the picture becomes even worse. South Dakota lost 32 percent of its farm population in the 1980's.

South Dakota is not the only State to experience such movements. A few weeks ago a rural census report was released by the Department of Commerce that tells us the same thing is happening in rural areas all around the country. In the past 20 years there has been a 50-percent decline in the farm population, from over 8 million in 1970 to 4.5 million in 1990. In 1970 there were 3 million farms. In 1980 there 2.4 million. In 1990 there were 2.1 million, representing a decline of 33 percent in the number of farms in the same 20-year period that farm population declined by 50 percent.

People are being bled from the land as if we were experiencing an Irish potato famine, but the irony is that the American farmer, the foundation of the rural economy, is still the most efficient producer in the world, and one of the most efficient segments of our economy. Yet, how do we reward efficiency? We reward it with neglect and slow economic strangulation.

When the rural census report came out a few weeks ago, it didn't go unnoticed. Large urban papers like the Washington Post and New York Times reported the grim numbers and echoed the official rationale for the decline that was given in the census report. Their bottom line is that the trend is inevitable. Technological advances have made production more efficient, so fewer farmers are needed. The lesson is simple: either get big or get out.

The inevitability of continued growth in farm size is the assumption under which many in this administration and Congress are operating. But, whenever one sees large numbers of people accepting the same assumption—no questions asked—one should start to get very nervous. Now, more than ever, the general assumptions about the future of agriculture in this country must be challenged if we are to avoid disaster. It is time for questions to be asked.

Why has this country been operating under the "bigger is inevitable" assumption for decades? Why have we been slowly cutting down the number of farmers like we were wringing out a cloth? Why do we allow more and more of what are described as small, "inefficient" farmers to be squeezed out year after year? We keep twisting and turning, but there has to come a point where there is nothing left to give, where if we keep on wringing, we'll tear the cloth, the social and economic fabric. When will we decide "enough is enough"?

There are those who say it is merely size which dictates survivability in agriculture. Yet, size is not an indicator of efficiency. If it was, we would expect to see small businesses of all kinds in decline. But in the same 20-year time period that farm population dropped 50 percent, the number of small businesses in the country experienced a steady rise. According to IRS tax return records, there were 990,000 partnerships in the United States in 1970. Today there are over 1.7 million. In 1970, there were 9 million sole proprietors, now there are nearly 17 million. In 1970, there were 248,000 businesses classified as small proprietors. Today, there are almost 1.7 million. If small businesses are efficient enough to prosper, there is no reason to think that small farms are not efficient as well.

By taking more farmers off the land, more and more land is put in the hands of a few owners. Fewer people are taking care of more acres. This raises questions as to whether there are sufficient numbers of people on the land to ensure adequate stewardship of the soil. The need to work more and more acres in a limited amount of time forces producers to employ production practices that may not be in the best long-term interest of the land.

In Europe, small farms are the norm. The average farm size is one-tenth the size of the average farm in the United States. The EC, unlike the United States, recognizes the importance of a strong, vibrant rural population. In the period from 1980 to 1987, the rate of decline in farm numbers was 25 percent higher for the United States than for the EC–10. We do not necessarily need to spend as much on farm programs as the Europeans, but we do need to adopt the philosophy that farm numbers are important.

The problem with our system for many years has been that it has stacked the odds against small and beginning producers. Crop programs that are supposed to help farmers survive are not designed to target income support to the producers that need it most—small and beginning farmers. Without enhanced support mechanisms for these types of farmers, it is nearly impossible for new farmers to get started and become established. Congress is currently discussing ways to target more assistance to small and beginning producers by making credit more readily available, but, without a fair income level, it is very hard to pay back loans.

Twelve years of Reagan/Bush policies have accelerated the decline in farm numbers. The central feature of their farm policy has been to continually lower farm prices in a country that already has the lowest cost food supply in the world. Instead, farm policy needs to be returned to its former focus which was to balance supply and demand, lessen the shock of fluctuating market prices, stimulate market prices, encourage soil stewardship, and offer reasonable credit terms for family farms.

The administration's vision of the countryside is one dominated by massive, corporate farms. The farm family that lives on its land and cares for it from day to day has no place in this vision. Administration policies that favor corporate farming over family farming have helped push the average age of U.S. farmers up to 52, while the number of young people entering farming has been cut in half. Farm equity values have contracted by a quarter of a trillion dollars. Declining farm income has forced over half of the farm families to seek off-farm income in order to stay afloat. Strained incomes are leaving more and more farmers without the economic ability to afford health insurance. Ironically, and tragically, farm families are finding themselves forced to turn to the Government for food stamps.

Low prices that drive farmers out of business may help consumers for a while, but is not a phenomenon that can go on forever. A point will eventually be reached where food production is concentrated in the hands of a small number of producers. These massive producers will not be satisfied with starvation wages forever. They will demand higher prices, and the consumer will ultimately pay the price.

The United States is a country built on the ideal of individuality. In the early days of our country, Thomas Jefferson recognized the farmer/countryman as the embodiment of the spirit of the individual, the foundation of the country. Two hundred years later, we find that this same person is being forced out of his place in our society. The individual men and women who care for the land are now assumed by the administration and others to be irrelevant, expendable anachronisms.

When I go back to South Dakota, I hear the same plea over and over again,

"Why can't we apply the same principles today that made this country the pre-eminent agricultural producer in the 1940's, 1950's, and 1960's?" They find it hard to believe that in a nation that enjoys the cheapest food supply in the world, at the expense of their hard labor, they no longer matter. Just like the soldiers who have made us the greatest military power in the history of the world, it seems that now that they have accomplished their purpose, they are expendable.

Mr. President, there is no justification for the number of farmers in the country to be slipping into obscurity except for the fact that farmers are slowly losing their representation in Congress, and therefore their political clout.

Farmers may disappear, but rural problems do not. And, as rural problems increase, urban problems increase. The greater the exodus from rural America, the greater the concentration in urban America. The more unstable our food supply, the more unstable our food prices. The more our largest industry is shaken, the more the entire economy feels it.

The loss in rural America, in short, is a real loss for all America. It is time we adopt policies that recognize that fact.

I ask unanimous consent that articles from the Washington Post and the New York Times be printed in the RECORD.

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

[From the Washington Post, June 10, 1992]

FARM POPULATION DOWN 50 PERCENT IN LAST 20 YEARS—MANY OF THOSE WHO REMAIN RELY ON SECOND JOBS FOR ADEQUATE INCOME, DATA SHOW

(By Barbara Vobejda)

The number of Americans living on farms has been cut in half over the last 20 years, the federal government reported yesterday, and an increasing number of those who remain have taken jobs off the farm to make ends meet.

Altogether, the statistics released yesterday provide further evidence of the dramatic changes that have swept across rural America as technology and economics have improved productivity and pushed down the number of farmers and small farms.

"It's basically a response to technological change," said Calvin Beale, a demographer at the Agriculture Department. Mechanization and the use of more chemicals, better seeds and improved farming techniques mean that today, "there is simply no need for all the people we had in farming," he said.

The report, issued by the Census Bureau and the Agriculture Department, makes clear the extent to which the national landscape has changed: From 1820 to 1870, more than half of all workers were in farm-related jobs, while the figure was just under 3 percent in 1990.

The number of farm residents in 1910, at 32 million, was more than seven times the 1990 figure of about 4.5 million.

Despite the popular notion of farm families working their land, today only about a third of persons employed in farming live on farms.

Even those who live on their land are increasingly likely to work in occupations other than farming. That is especially true of female farm residents, many of whom have taken jobs in the service sector.

While much of this outside employment has been an effort to bolster the family budget, experts point out that the trend also mirrors increasing employment among urban women and that many farm women are pursuing careers as teachers, nurses and other professionals.

In the past, said Glenn Fuguitt, a rural sociologist at the University of Wisconsin, "part-time farming was viewed as a kind of an aberration." Today, he said, "it's clear it's a way of life for more and more people."

The result of this increasing off-the-farm work has been to help drive up the income of farm families and close the gap between farm and nonfarm income, said Laarni Dacquel, one of the authors of the report. The median income of farm households rose over 19 percent from 1987 to 1989, the report said, reaching $28,824 and matching the figure for nonfarm households.

The most dramatic decline in farm population has taken place in the South since 1950, driven in part by the large-scale migration to the North of blacks, many of whom left small farms.

While the economics of farming has been a major factor in the decline in farm residents, a second trend has also been important, according to experts: falling fertility among farm families has reduced the number of potential heirs to the farm.

And of those who might be interested in taking over the family farm, "there are fewer and fewer who feel they can take the risk," said Beale.

He said the jarring farm crisis of the early 1980s provided dramatic evidence of the financial risk of following in parents' footsteps.

At the same time, the proportion of U.S. land employed in farming has not fallen so precipitously. In 1880, when the nation was much smaller, about 28 percent of its land was in farms. That figure grew to 50 percent in 1920, then to 57 percent in 1970, according to Dacquel. By 1990, the number was down to 51 percent.

In large part, that reflects the consolidation of farms necessitated by more expensive methods and equipment. Much of the same land that was farmed in smaller tracts for decades is now part of a large and disconnected tract:

"It's still the family farm, it's just 10,000 acres, and you may have four abandoned farmhouses on it," said Donald C. Dahmann, a geographer at the Census Bureau and coauthor of the report.

[From the New York Times]

A QUIET EXODUS BY THE YOUNG LEAVES THE FUTURE OF FAMILY FARMS IN DOUBT

(By Dirk Johnson)

WALNUT, IA.—For three generations, the lessons of farming have been passed down in the fields here on Rural Route 1, where the Rogers family has planted corn every spring for nearly 100 years.

"I remember when horses plowed the fields," Orris Rogers said. "And my father and I would pick corn by hand."

But as Mr. Rogers, now 67 years old, prepares to retire, the family tradition is ending. His children, like a growing number of other young people from the farms have followed careers far from the cornfields.

A QUIETER EXODUS

Unlike the forced sales of the 1980's, which led to benefit concerts and movies about the farmer's plight, the situation of the Rogers family is evidence of a quieter exodus from the land. The farmers who are selling land today are often making a handsome profit. But all the same, the movement is hastening the decline in the number of family farms and casting an ominous shadow on the little towns built around them.

Since 1980 the number of farmers under the age of 25 has dropped by half, while the number of those over 65 has held steady, a circumstance that could leave tens of thousands of farms in the next decade without anyone in the family to tend the fields. When a small farm comes to the end of the family line, the land almost always goes to a powerful line of machinery who can work an extra few hundred acres with efficiency.

Even the Future Farmers of America has fewer future farmers. The organization for high school and college students has seen its membership shrink more than 20 percent since 1980, and just 25 percent of its members say they plan to go into farming, as against 41 percent a decade ago. About half plan to work in jobs that relate to farming, but 27 percent say they will leave agriculture altogether, up from 5 percent in 1980.

TRANSFORMATION IN FARMING

In most cases, the link between generations is being broken by an economic transformation in American agriculture that makes it impossible for the average grain farm of 400 acres or so to support more than one family or generation at a time. So, with parents still working the fields, the heirs must leave the farm after high school or college. Years later, when the time comes for the parents to retire, their children have settled lives elsewhere.

Even for those who want to return to the fields, the move toward bigger and bigger farms often poses another insurmountable hurdle. A beginning farmer often needs to invest $200,000 in start-up costs like equipment and leases.

Even on farms with room for one more generation, the experience of the calamitous 1980's, when foreclosures hit farm country like hailstones, has soured many young people on a way of life that offers so little security in return for so much hard work.

Some of them don't want to experience what they grew up with," said Eddie Smith, the Oklahoma director of agriculture education. "In other cases, the parents are telling the kids not to come back to the farm."

NOW, A BIG BUSINESS

Mr. Rogers and his wife, Patricia, own 350 acres of corn and soybean fields along nameless gravel roads at the edge of Pottawattamie County here in southwestern Iowa. Hogs were a mainstay of the family operation for many years, but they were sold when Mr. Rogers turned 65.

Their son, Scott, 39, and daughter, Connie Schaberg, 44, left Iowa long ago. Their grandsons, who are in their early 20's, have lived in many places, but never on a farm. So the tending of these fields will pass from the family.

"Farming isn't a way of life anymore, but a big business," Mr. Rogers said recently as he pulled on his boots, overalls and cap adorned with a seed company logo before firing up the corn planting machine. "You're kidding yourself if you try to think otherwise. And you're probably going to go down the tube."

THE FAMILY—RIDING TRACTORS, GAZING AT AIRPLANES

As a boy, Scott Rogers reveled in the world of "mischievous freedom" on the family's farm, where the yearnings of a larcenous young heart could be satisfied by snatching a few watermelons from a neighbor's patch.

"Or turning on somebody's lawn sprinkler, ringing the door bell and then running like heck," Mr. Rogers said, recalling youthful days of daring.

His older sister, Connie, who could drive a pickup before she was 9, was a natural in the fields. As a teen-ager, she was often hired for chores by neighboring farmers. In a later generation, she might have become a farmer herself. But in the 1960's, girls were not allowed to join Future Farmers of America or raise livestock with the boys in 4-H. Connie thought these rules were worse than silly. "I didn't think it was fair," said Connie, a saleswoman in Tulsa, Okla. "But I accepted the rules" and never thought of becoming a farmer.

CULTIVATING OTHER DREAMS

Scott, a star athlete who was offered a college scholarship to play football, also kept busy with chores on the farm. But as he neared graduation from high school, he knew the farm wasn't big enough to support another farmer. He cultivated other dreams.

"I'd be sitting on a tractor in the middle of a field, and I'd look up in the sky and watch the planes that were flying by," he said. "I would daydream about who was flying them, where they were going. I fell in love with airplanes."

Scott now works in management for United Air Lines in Denver. But there have been many times when he has thought about moving back to the Iowa fields.

In fact, he was working for Frontier Airlines when it went bankrupt in 1986, and he talked to his father about returning to the farm.

"But Dad discouraged the idea," he said. The father talked about the greater risks in today's farming, and reminded his son, "You've been away from farming for a long time."

The fate of the farm is not an easy subject for the son or daughter. As the family gathered in Iowa this Easter, the parents spoke about the possibility of selling the land and the farmhouse.

"Scott couldn't even talk about such a thing," said his mother.

Although he works in Denver, Scott lives about 35 miles south of the city, on a two-and-half-acre plot, so he can be closer to the countryside. And he keeps a small tractor, much to the amusement of his neighbors.

"I'm the most relaxed when I'm sitting on the tractor," he said. But his reverie has changed from those days in the cornfield. Nowadays he daydreams about the farm.

"Its our roots," he said. "It's been in the family for generations. It's the place I want to go home to."

THE BUSINESS—A CLEAR MESSAGE: GET BIG OR GET OUT

In a market sense, the nation simply does not need as many farmers as it once did.

Using sophisticated machinery and powerful chemicals, a farmer today can produce 120 bushels of corn an acre, twice the yield produced in 1960. For consumers, this increased efficiency has meant lower costs for food.

But it also means that when inflation is taken into account, a farmer makes less on his crop and needs to work twice as many acres to survive, which has driven the trend toward larger agricultural businesses, said Terry Franci, an economist with the American Farm Bureau in Park Ridge, Ill.

"When I was a kid in the early 60's in central Nebraska, a 350-acre farm was considered to be a pretty good size," he said. "But on a typical Midwestern crop farm today, you're going to need 600 to 700 acres to make enough money to sustain a family.

As a consequence, smaller farms become subsumed by bigger ones, a trend that shows no sign of abating. A 1990 report by the Congressional Budget Office predicted that "maintaining the 1988 level of average farm net income would require that nearly 500,000 farms leave the sector" in the next five years.

NO CHOICE BUT TO LEAVE

For farmers, the message is clear: get big or get out. And many young people from farm backgrounds have no choice but to leave the fields.

Mark Timm, a freshman at Purdue University who was the National Future Farmers of America president last year, will not be returning to the family's wheat and soybean farm in Indiana. Instead, he plans to work in an office job in an agricultural company.

"At this point, that's the most feasible thing for someone my age," he said. "To go back into production agriculture, you'd have to get some breaks along the line."

In an effort to stem the loss of smaller farms, the Iowa Agriculture Department has started to match beginning farmers with those who plan to retire. The Center for Rural Affairs, an advocacy group in Walthill, Neb., has a similar program. The efforts aim to produce agreements that will allow young people to take over farms without huge investments.

"A lot of farmers who have spent 30 or 40 years of their lives on a farm don't want to see it simply bulldozed and made into a part of a larger operation," said John Baker, a lawyer for Rural Concern, an Iowa organization that is helping state agriculture department in the project.

Mr. Baker said the trend toward larger farmers carries disturbing cultural and social ramifications in rural regions, as fewer and fewer people control vast land holdings.

The emergence of huge farms has also troubled environmentalists, who worry that those operations' heavy pesticide use and giant machinery are damaging the land.

"If you've traveled the farm country, you've seen those large fertilizer rigs moving across the field at 30 miles an hour," said Al Prosch, a former farmer who works for the Center for Rural Affairs. "No one can caretake at that rate of speed and do anything more than a marginal job."

And as one farmer replaces three, many of the small communities that depend on trade with farmers have shriveled. Some rural experts say that for every five or six farmers who leave the land, a business on Main Street closes its doors.

Iowa, for example, lost nearly 5 percent of its population during the 1980's, as the farm crisis hollowed many small towns.

"This raises concerns that go well beyond the farm gate," said Paul Lasley, a sociologist at Iowa State University. "It represents a change in the opportunity structure of America."

THE COMMUNITY—ONCE ALL FARMERS, NOW COMMUTERS

As he drives along the gravel road from his place, Orris Rogers passes five old farmhouses. None of the people who live in those homes are farmers.

The residents work in town, one even going across the border to Omaha. The crop land has gone to bigger farmers.

"We don't really even know the neighbors," he said. "If I broke my leg, nobody around here would even know about it."

Big-scale farming, he lamented, has changed more than just the size of the tractors.

Twenty-five years ago, when a nearby farmer, Bud Hamdorf, burst his appendix, Mr. Rogers and two other farmers fed the ailing man's cattle and milked the cows. They never expected any pay.

And when Mr. Rogers caught the mumps—"I was 45 years old, if you can believe it"—Wally Riech and Ross Bielfeldt rushed over to milk his cows.

Of course, those were the days when almost every farmer had some milking, cows, along with some pigs, chickens and maybe a few lambs. But in the age of specialization, the kinds of farms celebrated in the Old Macdonald song have virtually disappeared. These days, most crop farmers in the Midwest stick to corn and soybeans.

Mr. Rogers is chagrined by the changes in farming that can intimidate a beginner. "Not too many people can reach into their pockets and pull up $250,000, just to get going," he said.

He remembers another way. "Years ago, a hired farm hand could save enough to rent some acreage," he said. "And then his friends would lend him some machinery until he got going."

A few miles from the Rogerses' farm, a young man named Val Sothman has dreamed of little but becoming a full-time farmer.

"There's something about the love of the land, being your own boss," said Mr. Sothman, 35. "Even the risk of it all has a certain appeal."

But his family's rented farm in the area was not big enough to support another farmer. So Mr. Sothman went to vocational school and learned to fix farm equipment, and later took a job as a mechanic. On the side, he raised pigs and planted corn on a small plot.

He wanted to rent some more land, just enough to become a full-time farmer, but most land was renting for $100 an acre a year. "I've been standing on concrete for 17 years now,"he said, "and I wanted to be standing on the soil."

When a chunk of the Rogerses' land came up for rent, several bigger farmers hurried to make a bid. They would pay top dollar.

But Mr. Rogers though about the changes he has seen in his time: small farms being swallowed by bigger ones, machinery that costs more than a house, hard-working young people leaving the land for want of a chance.

He offered to rent the land to Mr. Sothman.

Starting this season, as he had dreamed for so long, Mr. Sothman has traded the concrete floors for the soil. "He didn't have to do this for me" Mr. Sothman said, explaining that Mr. Rogers had rented him the land at far below market value.

His wife, Susan, a teller at the First Whitney Bank in Atlantic, did not come from a farm family. She supports her husband in the quest for his dream, but she knows the dangers.

"I'm a little scared," she told him. "But I knew when I married you that you had farming running through your blood."

REMEMBERING JOE MINSKY

Mr. SIMON. Mr. President, I recently learned of the death of Joe Minsky,

once heralded as the dean of the Immigration Bar in the city of Chicago. Joe Minsky was not only a dedicated advocate for his clients. He played a major role in far-reaching immigration related litigation and legislation for more than three decades.

When prominent lawyers come before the Senate Judiciary Committee seeking the Senate's confirmation of their appointments, one of the things I look for is how they have treated the common man. Joe Minsky was a model in that regard. Above and beyond the professional accomplishments in his law practice, Joe Minsky took the time to give guidance to young attorneys and was active in many of Chicago's diverse communities. In 1991, he received the Pro Bono Publico Award from the American Jewish Congress, Chicago Council.

Mr. President, another leading immigration attorney in Chicago, Peggy McCormick, recently wrote a tribute to Joe Minsky in the national newsletter of the American Immigration Lawyers Association. I ask unanimous consent that her tribute appear in the RECORD immediately following my remarks. All Chicago, and all whose lives he touched, will miss Joe Minsky.

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

REMEMBERING JOE MINKSY

(By Peggy McCormick)

Our friend and colleague Joe Minsky died on April 24, 1992, six weeks after he was diagnosed with cancer. To his friends in AILA, the loss is far reaching. Joe made a lasting impact on the law since his 1950 graduation from the University of Chicago. In *Matter of Caron*, the AAU recognized prominence in business as a basis for H-1. Joe's work in the Seventh Circuit case *Carvajal-Munoz* v. *INS*, paved the way for the Supreme Court's Cardoza-Fonseca decision liberalizing the standard used in the definition of refugee. In *Garcia* v. *Illinois Department of Registration*, the Illinois Appellate Court granted a foreign trained dentist the right to take the Illinois Dental Examination.

When one of our clients was denied a visa at the U.S. Consulate in Honduras, Joe insisted that the firm take the case to court pro bono, resulting in *Garcia* v. *Baker*, a recent challenge to the doctrine of consular absolutism. Joe is credited with the original idea that led to the famous *Silva* v. *Levi* case. That case challenged the State Department's authority to allocate Western Hemisphere visa numbers to Cuban refugees during the 1970s. Joe conceived the theory that supported a series of individual cases brought by Minsky & Feiertag, culminating in the Silva class action brought by Legal Assistance Foundation and resulting in the recapture of 144,000 Western Hemisphere visa numbers.

Beyond his contributions to immigration law, Joe was a champion for civil rights throughout his career. In the 1960s, he played a key role in establishing the Illinois Fair Employment Practices Act and for many years was Hearing Officer for the Chicago Commission on Human Relations. He litigated *Caro* v. *Shultz*, a Seventh Circuit case establishing the right of federal employees to a trial de novo on employment discrimination complaints and adopted by the Supreme Court in a related case.

Joe was a leader in his profession. Past AILA chapter chair, he also chaired several sections of the Chicago Bar and the Illinois State Bar Associations. He chaired the first annual ALI-ABA conference and was a regular contributing author to the Illinois Institute of Continuing Legal Education. Deeply committed to Jewish groups, he was President of the American Jewish Congress, Chicago Council, and on its Steering Committee for many years receiving the 1991 Pro Bono Publico Award. A long-standing board member for the Bureau of Jewish Employment Problems of the Jewish Federation, he was active in the Decalogue Society and the Chicago Jewish Historical Society. After his first wife died four years ago, Joe established the Doris Minsky Memorial Fund which published an historical booklet on Jewish culture in Chicago.

Joe's life was a legion of accomplishments. But most importantly, Joe was a person of profound integrity with a vast reservoir of empathy. He was resilient, optimistic, a person of keen intellect, yet efficient and pragmatic, with a sense of humor. He was youthful and unthreatened by youth, a friend to many young lawyers. He loved people and appreciated their differences, which brought him into the civil rights movement and the immigration field. Joe was at once practical and visionary. He knew when to fight and when to compromise. He was an idea man yet an excellent listener, able to assimilate other ideas easily into his perspective. He had strong opinions but was never stubborn or domineering. He was, in short, a joy to work with.

But he was not consumed by work; he enjoyed the finest things in life. An avid reader and a music lover, he always seemed to have a symphony, play, opera or lecture to attend. He loved to travel and he traveled often. He treasured his family. Joe and Doris had two sons and two grandchildren. After Doris died, Joe met Claire Ross, whom he married a year and a half ago. He became father and grandfather to four more families, all of whom he frequently visited with Claire. Joe was so happy with Claire; they had many plans. I admire Claire for her courage and for the unflinching support she gave Joe through this terrible ordeal. Joe, accustomed to having people rely upon him throughout his life, was blessed with Claire to rely upon in his time of need. It was easy to rely on Joe and our firm certainly did. As each day passes we learn of still another thing we miss because he is not with us. It was a wonderful privilege to have worked so closely with Joe, one which I will never forget.

COMMITTEE APPROVAL OF THE START TREATY

Mr. PELL. Mr. President, it is with a sense of profound pleasure that I am able to report to you that the Committee on Foreign Relations this morning approved unanimously, in a 17-0 vote, the Strategic Arms Limitation Treaty, signed last July. This is the first strategic offensive arms control agreement to be approved by the committee since SALT II was voted out by a divided committee in 1979.

The committee approved a resolution of ratification that includes eight conditions and five declarations dealing with important issues relating to the treaty. In addition to myself, voting in the affirmative were Senators BIDEN, SARBANES, CRANSTON, DODD, KERRY, SIMON, MOYNIHAN, ROBB, WOFFORD, LUGAR, KASSEBAUM, PRESSLER, MURKOWSKI, MCCONNELL, BROWN, and JEFFORDS.

In 1963, President John Kennedy seized upon the possible and negotiated the first nuclear limitation accord. The agreement the Committee on Foreign Relations approved this morning—the START Treaty—took 9 tough years of negotiation between the world's two superpowers.

These two agreements and the ones that have been achieved since 1963—such as the Non-Proliferation Treaty of 1968, the SALT I Interim and Anti-Ballistic Missile Treaty of 1972, the SALT II Treaty of 1979, the Intermediate-Range Nuclear Forces Treaty of 1987—are all part of a continuum of arms control that reached a crescendo with START.

The START Treaty sets limits upon land-based and submarine-based strategic ballistic missiles, heavy bombers, and the warheads deployed in those forces. Warheads on ballistic missiles based on land and on submarines are counted at their full values, and their total is limited to 4,900 for each side. The remaining accountable warheads are to be deployed on heavy bombers, but the actual totals of bombs and cruise missiles on bombers will be undercounted.

Under the START counting rules, a total of 6,000 accountable warheads are allowed. In practice, START would reduce the U.S. from its declared total of about 12,000 warheads to about 8,500 warheads under START. The former Soviets would reduce from a declared total of about 11,000 warheads to perhaps 6,500 warheads under START. These reductions would take place over a 7-year destruction period.

The prospective deMIRVing treaty, to be based upon the joint understanding achieved at the recent summit, would reduce these initial totals by another 30 to 40 percent, to a range of about 3,000 to 3,500 warheads in about the year 2003, or earlier, if we help the former Soviets in some of their destruction tasks.

START creates a verification regime which will add certainty in a time of uncertainty in the former Soviet Union. The START verification regime consists of 12 different types of on-site inspections, some 100 different kinds of data notifications, perimeter and portal continuous monitoring at mobile missile assembly facilities, cooperative measures to assist our national technical means to verify arms control treaties, and the right to ask for special access visits to undeclared facilities. The over-lapping procedures are designed to greatly complicate the task of any party trying to circumvent the limitations and ceilings imposed by START.

The START Treaty—Treaty Doc. 102–20—was signed on July 1, 1991, and transmitted to the Senate on November 25, 1991. Since that time, the Soviet Union has ceased to exist. On May 23, 1992, a protocol amendment to the START Treaty between the United States and Byelarus, Kazakhstan, Russia and Ukraine, as successor States of the Soviet Union in connection with the START Treaty, was signed in Lisbon, Portugal. This protocol—Treaty Doc. 102–32—was transmitted by the President for the Senate's consideration as an integral part of the START Treaty with a request that it be considered along with the START Treaty for advice and consent to ratification.

All strategic offensive arms are based, and all declared START-related facilities are located, in four former Soviet republics: the Republic of Byelarus, the Republic of Kazakhstan, the Russian Federation and Ukraine. The May 23, 1992 protocol provides that Byelarus, Kazakhstan, Russia and Ukraine together shall assume the obligations of the former Union of Soviet Socialist Republics under the START Treaty.

By its terms the May 23, 1992 protocol is an amendment to the START Treaty. Article VI of the protocol provides that each party shall ratify the treaty together with the protocol and that this protocol shall be an integral part of the treaty and shall remain in force throughout the duration of the treaty.

The protocol also obligates Byelarus, Kazakhstan, Russia and Ukraine to make such arrangements among themselves are required to implement the START Treaty's limits and restrictions, to allow functioning of the verification provisions of the START Treaty throughout the territory of the four states, and to allocate those costs that would have been borne by the Soviet Union. The protocol also clarifies how certain terms used in the START Treaty will be applied, now that the four states will be parties in place of the former Soviet Union.

Of great importance, the protocol obligates Byelarus, Kazakhstan and Ukraine to adhere to the treaty on the non-proliferation of nuclear weapons of July 1, 1968, as non-nuclear-weapon States parties in the shortest possible time and to begin immediately to take all necessary actions toward this end. Thus, the protocol will not only allow the implementation of the START Treaty, but will also constitute a critical element in the furtherance of the United States nuclear non-proliferation objectives.

The START Treaty, including the protocol, is subject to ratification and shall enter into force on the date of the final exchange of instruments of ratification. The protocol, as an integral part of the START Treaty, shall remain in force throughout the duration of the START Treaty.

Associated with the protocol and thus with the START Treaty and three separate, legally binding letters signed by, respectively, the Chairman of the Supreme Soviet of the Republic of Byelarus, the President of the Republic of Kazakhstan, and the President of Ukraine. (See Treaty Doc. 102–33). Each letter obligates the signing State to eliminate all nuclear weapons and strategic offensive arms from its territory within 7 years of the date of entry into force of the START Treaty.

I see these as critically important benefits of START:

First, START, as amended by the Lisbon Protocol, will solve the successor State problem by obligating four States to the reduction and elimination of weapons, thus opening the way for completion of the treaty with Russia, cutting our mutual arsenals by two-thirds.

Second, START with its detailed requirements, including the most extensive and intrusive verification efforts ever negotiated, will provide the necessary framework for the new deMIRVing treaty to be negotiated with Russia and help encourage other nuclear States to reduce arsenals to the lowest levels possible.

Third, START and the Lisbon Protocol will save the world from the threat of use, misuse or diversion of the nuclear arsenals in three States—Kazakhstan, Ukraine, and Byelarus—States with nuclear arsenals on their soil much more lethal than those of Britain, France, and China.

Fourth, START and the Lisbon Protocol will be of tremendous force in reinvigorating efforts to strengthen the world's nonproliferation regime.

The value of START is even more compelling, when one considers the implications if START were rejected:

First, without START, Russia, Byelarus, Kazakhstan, and the Ukraine would not be required to cooperate in bringing about the one-third reduction in warheads required by START.

Second, without the Lisbon Protocol to START, there would be no requirement that Byelarus, Kazakhstan and Ukraine totally eliminate the nuclear arsenals on their soil.

Third, without START, the new deMIRVing treaty based upon START, which requires a further one-third cut in the former Soviet Union's arsenal, would not be possible.

Fourth, without START, the clear message to other potential nuclear weapon-States would be that those with nuclear weapons are simply unwilling to constrain themselves.

In preparation for consideration of the treaty today, the committee conducted 10 hearings with government and nongovernment witnesses and five with witnesses of the administration. The committee queried the administration and reviewed hundreds of detailed responses on treaty-related matters.

There was a great deal of good information gained in the course of these hearings. I would like to highlight, for the benefit of my fellow Senators, the forward-looking and compelling insights of the Joint Chiefs of Staff. Their testimony was a true highlight.

Historically, the Committee on Foreign Relations has always elicited the independent testimony of the Joint Chiefs of Staff with regard to arms control treaties. The committee has viewed it as essential that it act on important arms control matters secure in the knowledge that the Chiefs believe that the accords in question are in the national security interests of the United States. The Chiefs have always responded to the committee's requests and come forward to give their advice.

From time to time, the chiefs have expressed concerns and reservations. With regard to the Threshold Test Ban and Peaceful Nuclear Explosions Treaties, the committee worked with the Joint Chiefs to devise certain safeguards prior to committee action. In the case of the treaty for the Prohibition of nuclear weapons in Latin America, known as the treaty of Tlatelolco, consideration and approval by the committee and the Senate of protocol I, under which the United States agreed to the denuclearization of its territories in the area covered by the treaty, was held up several years after a White House official issued a directive that the Chiefs support the protocol. The committee acted only after it was clear that the Chiefs were free to reach their own judgment and advise the committee fully and openly, and did so.

In the case of START, the committee had before it the Chairman of the Joint Chiefs of Staff and the senior leaders of the four military services. Testifying were:

General Colin L. Powell, United States Army, Chairman of the Joint Chiefs of Staff, General Gordon R. Sullivan, Chief of Staff, United States Army; Admiral Frank B. Kelso, II, Chief of Naval Operations, United States Navy; General Merrill McPeak, Chief of Staff, United States Air Force; and, General John R. Dailey, Assistant Commander, United States Marine Corps.

These five leaders are in charge at a difficult time. The threat from the former Soviet Union has been evaporated, but new threats, such as the proliferation of chemical, biological, and nuclear weapons, has a new and compelling urgency. The military services must be reduced and refocused. This effort must ensure the preservation of effective and viable defenses in a time of turmoil.

Lesser leaders might have resisted START. They might have clung to the familiar and ignored the new realities. The Chiefs did not take this approach. They immersed the military in the development of the treaty. They were

central to its achievements and they are now working with the civilian leadership to handle unilateral reductions and to bring about the new deMIRVing treaty.

I wanted to share the Chiefs thinking on this treaty with my fellow Senators, who will appreciate the insights underlying the testimony.

General Powell told the committee:

I might say, Senator, that we have truly been included in the negotiations, totally by Secretary Baker, by Ambassador Brooks, by Secretary Cheney and his staff, and so we have been part of the process, and I think I can speak for all my colleagues when I say we are enormously proud that we are serving at this time, when we are able to reduce nuclear weaponry from 11,000 roughly strategic weapons heading down toward 3,500. That is wonderful for the world, it is wonderful for this country. We do not want to spend $1 more than we have to for our security, but we do not want to spend $1 less than we have to, either

The Chiefs were unanimous and unreserved in their support for the treaty. They argued forcefully that ratification of START would enhance U.S. national security. Let me cite just four short excerpts from their testimony, first, Gen. Merrill McPeak, the Air Force Chief of Staff said:

The original objectives of the START negotiations were to increase strategic stability, to achieve militarily significant reductions in strategic weapons, and to institute an effective verification regime. Not only have these objectives been achieved, they have been surpassed by the combination of the START treaty and subsequent unilateral actions and bilateral agreements.

In my opinion, this treaty is in the best interest of the United States.

Admiral Kelso, the Chief of Naval Operations expressed similar views, saying:

I support, without reservation, the START treaty. I am satisfied that it is military sound and its ratification will result in a predictable and thus more stable environment with respect to our relations with Russia and the other nuclear-armed republics.

Gen. Gordon R. Sullivan, the Army Chief of Staff, said:

My endorsement is offered without reservation. The ratification of the Strategic Arms Reduction Treaty is in the best interest of the United States, and in my professional judgment, for the following reasons.

The provisions of the treaty allow us to achieve our fundamental objectives of deterrence and stability through balanced reductions, and provides the legal framework to assure timely reductions, and the eventual elimination of all the nuclear weapons in Belarus, Ukraine, and Kazakhstan.

Gen. John R. Dailey, Assistant Commandant of the Marine Corps stated unequivically:

The Treaty is in the national security interests of the United States. It retains the objective of deterrence against nuclear aggression, meets our commitments to our allies, and supports the U.S. arms control objectives of increased security and stability.

The Marine Corps has supported the START committee from its inception, and along with other services has monitored its progress to ensure military sufficiency. In our judgment, U.S. forces under the Treaty will be militarily sufficient to meet our national security requirements.

A central question with regard to any arms control treaty is whether the verification will be effective so that the United States will have timely warning of any noncompliance before it can become militarily significant. I asked General Powell how he defined effective verification and whether we have the means to verify START. He responded:

I believe we do, Senator. Our national technical meetings, as well as the intrusive nature of the verification regime that we gained with the START Treaty, the data exchange is the ability to go and actually see the various weapons involved, the missiles involved, to verify what our national technical means have told us.

I think it provides a solid basis for verification, enhanced, of course, by the increasing openness that is being displayed by the Russians and the others with respect to these matters and in conversations with my colleagues in the intelligence community, the Director of Central Intelligence as well as Director of the Defense Intelligence Agency, I come away comfortable that we will be able to effectively verify the Treaty.

The committee was concerned whether any of the steps being carried out to conform the U.S. nuclear forces to START would have to be modified by the prospective deMIRVing treaty. General Powell responded by stating:

We have been moving in the direction of START I for several years in anticipation of its ratification and going into effect, and so we are not going to do anything for START I that we would rather not do and rather have START II rules to keep us from having to do it.

Mr. President, one subject that I know concerns my colleagues is the possibility of cheating. Clearly this possibility must be taken very seriously. I am convinced, however, that the treaty's elaborate verification regime is sufficient to provide us with timely warning of any militarily significant treaty violation. This view was confirmed in testimony the committee heard from the intelligence community.

Equally interesting is the response of Chairman Powell to a question regarding cheating. He noted that cheating under START or its follow-on would serve little purpose saying:

We are not dueling with each other again, my warhead against your warhead. The question is, does the United States' force structure give us enough capability to deliver a devastating blow against any nuclear State that may choose to attack us? If it does, then that is a deterrent to that nuclear State ever contemplating such an action.

This is a remarkable statement and reflects the fundamental changes our world has undergone in the past three years. Several years ago the United States was deeply concerned about asymmetries in United States and Soviet forces. Estimates of strategic stability were driven by complex computer models that calculated the possibility of decapitating first strikes, the number of warheads needed to barrage a mobile missile deployment area, or the probability of "prevailing" in a conflict that escalated from the use of tactical to strategic nuclear weapons. Under START and the proposed follow-on agreement, we will escape these arcane calculations of armageddon. START and its follow-on will establish a stable strategic environment in which neither side has an incentive to cheat.

Mr. President, I would like to include a very informative exchange between the acting ranking minority member, Senator LUGAR, and Chairman Powell on the subject of cheating:

Senator LUGAR. Let me just indicate that I share the viewpoint each of you has expressed, but for the sake of the record I want to test out these assumptions, and I take as an articulate point of criticism a column which appears in The Wall Street Journal this morning by Frank J. Gaffney, Jr., in which he says, as yet there are deficiencies unaddressed, and the first of those Mr. Gaffney says is Moscow's right to deploy hundreds of Mobile ICBM's, systems designed to defeat U.S. monitoring and verification. What response do any of you have to that criticism of the deficiencies?

General POWELL. Mobiles are the most difficult system to detect, but the only mobile land-based system the Russians will have is the SS-25. It is a single-warheaded system. It is not first strike. It is a survivable system, so that there is less incentive to use it immediately in time of crisis.

We have always suggested that mobility adds to survivability . I think it most unlikely that the Soviet military planners would make such a force structure choice within their total limit of 3,000 missiles, missile warheads, but that certainly is a choice they can make.

I think they will continue to move in the direction that we have and they have, and that is continue to emphasize their submarine systems, have some modest land-based capability in * * * a number of SS-25's, and keep some number of bomber systems, so I do not think that within the limit of 3,000 it is a critical issue to be overly concerned about.

I am sure my good friend Mr. Gaffney is making the point that you cannot tell whether they would have 1,000, 5,000 or 10,000 SS-25's, but even if they had 20,000 SS-25's, I am not sure what that truly does for them. As long as we have very survivable systems at sea, for example, what would they do with these? What incentive is there for them to move in this direction?

I do not see that there is any particular incentive. I am sure my friend Mr. Gaffney would disagree with me, but we have disagreed on most arms control issues over the last five years.

Senator LUGAR. You are testifying, General Powell, that first of all you do not see the logic of the Russians adopting that option of using up their limits on the SS-25's, and even if they did, your testimony is that in terms of military significance, or our inability to respond to this would not be affected?

General POWELL. We are not dueling with each other again, my warhead against your warhead. The question is, does the United States' force structure give us enough capa-

bility to deliver a devastating blow against any nuclear State that may choose to attack us? If it does, then that is a deterrent to that nuclear State ever contemplating such an action.

I am suggesting that with a U.S. force structure of about 3,500 warheads, half of which are distributed in the most survivable, secure systems in the world, our Trident fleets, and with another half distributed among a land-based leg and an air-breathing leg, we have the capability to deter any actor in the other capital, no matter what he has at his disposal. We can deliver a counterblow that is devastating, so I see no incentive for them to move in that direction.

Mr. President, the Chiefs do not make their statements lightly. They do not lend their support to a treaty without carefully evaluating its impact on our national security. That is as it should be. It is not only the President who relies on their professional, nonpartisan advice, but also the Congress, and in this case, the Senate, as it fulfills its constitutional responsibility in the consideration of treaties.

Mr. President, following the hearings and the committee assessment, the Senator from Indiana [Mr. LUGAR], the acting ranking minority member of the committee, and I directed the preparation of the resolution of ratification before the committee today. The resolution reflects consultation within the committee and with the administration over the past week.

At the markup this morning the Committee on Foreign Relations voted to recommend to the Senate that it advise and consent to the ratification of the START Treaty, together with its annexes, protocols, memorandum of understanding, corrigenda and protocol of May 23, 1992, all transmitted to the Senate in Treaty Doc. 102-20 and Treaty Doc. 102-32, subject to the conditions and declarations set forth in the resolution of ratification approved by the committee. These conditions and declarations were as follows;

Because of the uncertainties attendant to the transformation of the Soviet Union into 15 new states, the Senate's advice and consent should be conditioned on a clear understanding of the significant legal obligations entered into by the other four parties to the treaty. Consequently, conditions 1 and 2 state that Byelarus, Kazakhstan, Russia, and Ukraine will be bound under international law to all the treaty obligations of the Soviet Union under START and to the legal and political obligations of the Soviet Union related to START.

Since Byelarus, Kazakhstan, and Ukraine set forth their obligations to eliminate nuclear weapons from their territories in separate legally binding letters, condition 3 affirms that they will be considered by the United States as solemn treaty obligations. Since the separate obligations of Byelarus, Kazakhstan and Ukraine to eliminate nuclear weapons on their territories within the 7 year START period is of such significance, condition 6 requires Presidential consultation and action should these obligations not be met.

Condition 4 recognizes the importance of Byelarus, Kazakhstan and Ukraine's treaty obligations to adhere to the Nuclear Non-Proliferation Treaty as non-nuclear-weapon States Parties "in the shortest possible time" and requires the President to communicate to each of these countries the significance the United States attaches to this obligation. I would note that in addition to this treaty obligation, Ukraine has made a legally binding commitment to have a non-nuclear status and not accept, produce or acquire nuclear weapons.

We do not know when Byelarus, Kazakhstan, Russia and Ukraine will reach agreement among themselves on how they will implement the treaty's limits, how the verification provisions will function in their territories and how they will work together within the Joint Compliance and Inspection Commission. Consequently, condition 5 directs the President to seek an urgent meeting at the highest diplomatic levels to gain agreement on these issues if they have not been resolved by entry into force of the treaty. I would emphasize that there is no question that each country will be clearly obligated to comply with the treaty's limitations and verification provisions upon entry into force. These future arrangements relate to the implementation of those treaty obligations.

The degree of Soviet treaty noncompliance has been widely debated over the years. Now that the Soviet Union has broken up into 15 new states, it is time to move beyond these issues of the past and address the future with these new states. As the author of section 52 of the Arms Control and Disarmament Act requiring the annual report on noncompliance with arms control treaties, I would like to close the books on the old Soviet Union. Condition 7 calls for an expanded and updated compliance report which, hopefully, will be the last such report on the old Soviet Union. This report calls for a listing of Soviet violations and probable violations, and information on how those issues were resolved, a listing and discussion of Soviet actions which eliminated nuclear weapons systems to meet arms control obligations, and a comparison of the military significance of these two types of actions.

In my view, the arms control process with the Soviets, on balance, has clearly paved the way toward the cuts in the START Treaty and the deeper cuts in the deMIRVing Treaty. However, I think it important for all of us to learn what are the facts on what actually happened, and what is result of a comparison of the military significance of these two kinds of actions under arms control treaties.

At the markup, Senator BIDEN proposed, and the committee accepted, Condition Eight which direct the President to seek an appropriate arrangement, including reciprocal inspections, data exchanges, and other cooperation measures to monitor the numbers of nuclear stockpile weapons and the location and inventory of facilities for producing significant quantities of fissile material.

Looking at the bright prospects for building upon the momentum of START Declaration One encourages the conclusion of a treaty with Russia based on the Joint Understanding of June 17, 1992, at the earliest possible date, and calls upon the other nuclear-weapon states to give careful and early consideration to corresponding reductions in their own nuclear arsenals.

Declaration Two urges the President to seek the adherence of Byelarus, Kazakhstan, and Ukraine to the guidelines of the Missile Technology Control Regime. The United States has urged other nations to become members in the Missile Technology Control Regime [MTCR]—or to adhere to its guidelines—in order to reduce the risks associated with the proliferation of ballistic missiles and other unmanned systems capable of delivering nuclear weapons. the MTCR's membership has expanded considerably since its inception. Nations such as Russia and China, while not formally members, have agreed to abide by the regime's guidelines. In effect, the MTCR has become the international yardstick by which the acceptability of missile and missile technology transfers are measured.

It is well known that the START Treaty destroys silo and submarine missile launchers and heavy bombers, but does not require the destruction of missiles. Of course, I would like START to go the further step and destroy strategic warheads under reciprocal verification, but the administration and Russia are not eager to allow inspectors any access that compromises warhead design information. Declaration Three calls for a beginning in this area by urging the President to instruct the Safety, Security, and Dismantlement negotiators to proceed expeditiously to obtain the destruction of strategic—as well as tactical—warheads and to facilitate secure safeguarded storage of the special nuclear material withdrawn from the weapons. Because of the significant changes in the former Soviet Union, I will continue to press for truly verifiable destruction of all types of nuclear warheads.

Declaration Four reaffirms the constitutionally based principles of treaty interpretation set out in the INF Treaty, and Declaration Five reaffirms the Senate position that it will consider for approval only as treaties those accords obligating the United States to reduce or limit its arms in a militarily significant manner.

I am very pleased that the committee took this historic action today. I hope

very much that our action will pave the way for early Senate consideration and advice and consent to ratification of the START Treaty.

THE NARAL COMMISSION REPORT ON LIFE WITHOUT ROE

Mr. METZENBAUM. Mr. President, I rise today to recommend to my colleagues an important and just released report that will help us all understand the possible impact of the Supreme Court's decision in Planned Parenthood versus Casey.

Today the National Commission on America Without Roe, a commission set up by the National Abortion Rights Action League, issued a report that examines the health, legal, social, and economic concerns when the freedom of a woman to choose whether or not to terminate a pregnancy is no longer a fundamental right. The commission includes national leaders in many fields and Members of this body from both parties. The commission members are people who disagree on other issues but are united behind the proposition that overturning Roe versus Wade will have serious consequences for our society.

The report shows how laws banning abortion could turn doctors into criminals for performing what was once a constitutionally protected procedure. It shows how some women seeking abortion could be forced to ask permission from hospital review boards that conduct humiliating interrogations to determine why a woman has chosen to terminate her pregnancy.

It shows how antichoice extremists will continue their practice of harassing doctors and blockading clinics in States where abortion remains legal, and further erode the right to choose. It shows how children will lose mothers, brothers will lose sisters, husbands will lose wives, and parents will lose daughters to death from illegal abortions.

Mr. President, our country can avoid reliving the horrors of life without Roe. As Justice Blackmun noted this week in his concurring opinion in the Casey decision, there are four Justices who are prepared to overrule Roe. He said: "I fear for the darkness as four Justices anxiously await the single vote necessary to extinguish the light." Let us not wait until there are five. Congress should act now. We must pass the Freedom of Choice Act now.

AMERICAN FOLKLIFE CENTER—S. 2910

Mr. MITCHELL. Mr. President, last evening the Senate considered and passed S. 2910, the American Folklife Center reauthorization. I support that legislation and I'm pleased the Senate acted so promptly on it.

The Folklife Center was established within the Library of Congress by Public Law 94–201 in 1976 to, "preserve and present American folklife." In the ensuing years, the American Folklife Center has contributed to, and expanded the services offered by, the Library of Congress and the Federal Government to State and local agencies, native American communities, and private citizens everywhere. Its broad goals to "preserve and present American folklife," are accomplished through documentation and preservation, technical assistance to the field of folklore and folklife programs, cultural conservation, public education, and an active publications program.

The American Folklife Center has provided consultant services and access to its equipment loan program to entities in all 50 States. Major field projects, surveys, conferences, exhibitions, and board of trustees meetings have been conducted in most States.

The Center has been very active in my home State of Maine. In September 1991, in conjunction with the board of trustees annual meeting the Center hosted a meeting in Portland that brought together folklorists from all the New England States that has fostered closer professional ties between cultural professionals in the region.

The Center provided technical assistance to the University of Maine's Northeast Archives of Folklore and Oral History in connection with the establishment of the Maine Folklife Center.

And last year, under a cooperative agreement with the National Park Service, the Center conducted the survey of Acadian culture in Maine that was mandated under the Maine Acadian Culture Preservation Act, Public Law 101–543, legislation that I was proud to sponsor with my colleague, BILL COHEN.

Two members of the Folklife Center's Board of Trustees are from Maine: Prof. Juris Ubans, of Portland, and Ms. Carolyn Hecker, of Deer Isle.

Mr. President, I think Senate consideration of this measure is well timed, coming as it does just prior to the celebration of this Nation's birth 216 years ago and while the Folklife Center is conducting its annual Folklife Festival on the Mall here in the Nation's Capital.

The people of Maine know very well the important work that is being done by the American Folklife Center. They know that all of us celebrate our inclusion in the broad category of Americans. At the same time, we also want to preserve and celebrate the diverse cultures, ethnic and religious backgrounds, and regional character that have played such an important part in shaping the American experience. The American Folklife Center contributes significantly to that endeavor. It deserves the support of this Senate.

PENNY TAYLOR, WELFARE SUCCESS STORY

Mr. LIEBERMAN. Mr. President, we hear so many stories about the never ending welfare cycle. Today, I would like to tell a different story—a welfare success story.

Penny Taylor is a resident of New Haven, CT. In 1987, Penny became the sole breadwinner in her family. She had a job in a warehouse, but her single income was not enough to provide for her four children and herself, so she went on welfare.

Some people might have lost hope at that point, but Penny clung to two goals. First, she wanted to get her life in order. Then she wanted to get a good job. To accomplish these goals Penny graduated from a 5-month secretarial program in 1989 and, within a month, found a job at the Arts Council of Greater New Haven.

Penny is now one of the most highly respected members of the Arts Council staff. In fact, she was the first clerical staffer ever to join a council panel to recruit members and patrons.

Given Penny's career success, it is not surprising that she was recently able to purchase a home. After attending a workshop on home ownership sponsored by the Housing Authority, she cleared a credit check and won a low-interest mortgage from the Connecticut Housing Financing Authority. Even as I speak, Penny and her children are moving into their Cape-Cod-style house on Roosevelt Street Extension.

I commend Penny Taylor for her hard work and vision. She has proven that welfare measures can be used as stepping-stones to success. I know I speak for all the residents of Connecticut when I say that Penny's spirit and motivation is an inspiration to us all.

Mr. President, I ask unanimous consent that an article from the New Haven Register be printed in the RECORD.

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

[From the New Haven Register, June 30, 1992]

ONE WELFARE MOTHER'S STORY REACHES HAPPY ENDING

(By Josh Kovner)

NEW HAVEN.—Using welfare, job-training and housing programs like steppingstones across a churning stream, Penny Taylor has hopped from welfare mom to homeowner in four short, challenging years.

In 1987 Taylor, a mother of four, asked her husband to leave. She'd been the breadwinner for the previous eight months and stayed at her job in a warehouse for four months after the breakup. She went on welfare when the bills and rent swamped her.

A few days ago, a couple of carloads of Taylor's friends from her secretary-office manager's job at the Arts Council of Greater New Haven helped her move from the Quinnipiac Terrace housing development to her white, four-bedroom Cape Codder on Roosevelt Street Extension.

Her determination—and her textbook, use of aid programs—propelled Taylor along the route between those two milestones.

This evening, co-workers at the Arts Council, where she has also blossomed, are throwing a housewarming shower for Taylor.

"I'm honored," Taylor said Monday during her lunch break at the council offices on Audubon Street. "I've got nothing but love for this job."

Memories of how "messed up and stressed out" she felt five years ago now occupy a kind of museum in her mind.

She was at loose ends when she went on welfare, but she clung to two goals.

"I wanted to get my life in order, quick. Then I wanted a good-paying job," Taylor said.

She said those goals separated her from those who've languished on welfare.

She graduated in August 1989 from a five-month secretarial program at the Regional Council on Education for Employment and was hired the next month by the Arts Council.

Her confidence soared.

"I felt like a businesswoman," she said.

In January, she went to a workshop on home ownership sponsored by the Housing Authority. She cleared a credit check done by the Greater New Haven Urban League and, with the help of People's Bank, won a low-interest 30-year mortgage from the Connecticut Housing Finance Authority.

"It's still hard for me to believe my children and I are living in a house," she said.

Three years after joining the Arts Council, she is one of the most influential and respected workers in the office, said council Executive Director Frances "Bitsy" Clark.

A card file Taylor started on artists, singers, and performers has become indispensable. Recently, she became the first clerical staffer to join—or even ask to join—a council panel that recruits members and patrons.

"Penny is the most successful of anyone we've had in that job," Clark said. "That's why her getting the house is so meaningful to us.

BREAKTHROUGH IN THE NORTHERN IRELAND TALKS

Mr. KENNEDY. Mr. President, I welcome yesterday's announcement on the progress which has been made regarding the talks on Northern Ireland.

The launching of Strand Two of the talks, involving the Irish and British Governments and the four parties in Northern Ireland, represents a crucial and historic phase of these vital negotiations. It is heartening to those of us concerned about the tragedy of Northern Ireland and after so many years of violence and deadlock, there is now a strong possibility that significant political dialog is underway.

I am sure my colleagues join me in conveying our support and best wishes to all the participants in the talks. Their task is difficult, but it carries with it the best hope for reconciliation and lasting peace.

Yesterday, Mr. David Andrews, Ireland's Minister for Foreign Affairs, spoke in the Irish Senate on this historic breakthrough. I believe that all of us will find his statement enlightening and encouraging, and I ask unanimous consent that it may be printed in the RECORD.

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

SPEECH BY MINISTER FOR FOREIGN AFFAIRS, DAVID ANDREWS, T.D., IN SEANAD EIREANN, JULY 1, 1992

I welcome the opportunity afforded by this debate to outline the Government's view of the current Talks.

I am particularly glad that the debate is taking place at a time when the long-awaited transition to Strand Two of the process is about to take place. On behalf of the Government, I greatly welcome the proposal by Sir Patrick Mayhew this afternoon that Strand Two should now be launched and the reported acceptance of this proposal by all concerned. The Government looks forward to working actively and constructively in Strand Two, under the independent chairmanship of Sir Ninian Stephen, with a view to ensuring the decisive contribution which Strand Two must make to the outcome of the Talks process as a whole. Strand Two, which involves the two Governments and the four parties in Northern Ireland, is a very important and integral part of the process which was agreed on 26 March 1991. We are very pleased that this crucial phase of the talks has now been reached.

We believe that these talks offer a historic opportunity to begin the work of healing the misunderstandings and antagonisms that have so damaged relationships on this island, and between those islands, over the centuries. We have the chance, with imagination and good will, to start building a basis for an honourable, equitable and lasting accommodation between the two traditions. We have the opportunity for a new beginning that can help signal the end of the strife that has caused so much suffering and hardship to the people of Northern Ireland. I would mislead the House if I said we were certain of success or that the task ahead would be an easy one. The discussions to which we are all committed will be complex and arduous. Once launched, however, the process of dialogue will I hope acquire its own momentum. There is, I believe, a growing acceptance that political dialogue alone offers a way out of the tragedy of Northern Ireland. There is a responsibility on all sides to work together to achieve political arrangements which will enable the people of this island to live together in partnership and trust.

The Government's objective throughout has been to establish a clear and realistic basis for this process and one which would most assist a successful outcome. It is for that reason that the two Governments and the participants have taken such care to put structures in place which would enable discussion not only of the different relationships we have to consider but also of their inter-relationship to each other. It was for that reason that we agreed that the Talks must be framed in the context of the three sets of relationships and for that reason also that we determined that nothing would be agreed until everything is agreed. To protect the position of all participants, it was also agreed that absolute confidentiality would be maintained at every stage of the discussions in all three strands. The House will, therefore, understand if I do not enter into any detail regarding any of the meetings held so far or if I do not anticipate the nature of the discussions which might take place in Strand Two.

The basis of the present process is a recognition by all participants that a lasting accommodation between the unionist and nationalist traditions can only be addressed in the context of the totality of relationships within and between these islands. We have all learned by hard experience that any other approach cannot succeed. It would perhaps be easier if it were otherwise but the Government firmly believes that "a new beginning for relationships" must address all the different dimensions. It must, fundamentally, be grounded on respect for the aspirations and sense of identity of each tradition. Both are entitled to respect and equal measure. Both involve allegiances that transcend the confines of Northern Ireland and no real or durable accommodation is possible unless framed in the context of the wider dimension of relationships within Ireland and between the two islands. In accepting this reality as the basis for the Talks, I believe all sides have already taken a significant step. The challenge that lies ahead for all of us is translating this acknowledgment of the requirements for true enduring accommodation and partnership into structures that will reflect these realities.

As confirmed in Article One of the Anglo-Irish Agreement, both Governments have fully accepted that the aspirations of each tradition are legitimate and both must be accommodated. The fundamental basis of the present Talks is the need to devise institutions that can accommodate each tradition and take full account of their legitimate aspirations. That is why we must address all the relationships involved and that is why the Governments and the parties have agreed to the present process and its structures.

It is central to this approach that neither tradition should be placed in a position of privilege or special status against the other. Both must be treated on an equal basis so that neither feels threatened or challenged by the other. After all the suffering and pain of recent years, I believe that there is no widespread acceptance that this is the only way forward and that trust and equality must be the basis of any new arrangements that emerge from our discussions. Any new institutions can have value only if they are based on the accommodation of differences and give full expression to the rights and aspirations of each tradition.

Unionists and nationalists have to share this island. We have to respect the other's position and understand and respect the aspirations of the other. We have to accept that we will not agree on some things but that the view of each is fully legitimate and must be acknowledged and respected. We have to learn to live in partnership and equality on the island which we share. We have to realize that diversity can be enriching rather than threatening and that no barriers are immutable to people wishing to live together in a relationship of trust and mutual respect. I believe that, whatever the difficulties and challenges yet to be faced, and they are very real, the present Talks process is taking place because all of us have learned these simple but hard truths.

The Irish Government consider the value of the exchanges in the Talks, and the prospects of their success, will depend on the degree to which they embrace the real scope of the problem. We must base our negotiations on the conflicting aspirations and identities as each tradition itself perceives and defines them, not in the form the other tradition might find it convenient for them to be. We must make our solution fit the problem, not seek to define the problem in terms of the solutions we are prepared to offer. Our approach to the agenda will therefore be both

flexible and comprehensive. It is one of the agreed ground rules for the Talks that it will be open to each of the parties to raise any aspect of our relationships, including constitutional issues, or indeed any matter which it considers relevant. We will seek to ensure the Talks are a framework for the fullest possible consideration of all the factors which affect the tragic and intractable problem we have to grapple with. We would hope they will permit a balanced examination of both sides of all the issues which divide the two traditions in Ireland and, ultimately, indicate the ways in which these difficulties can be resolved.

There is much that can build on and much on which we already agree. We agree on the fundamental position that a change in the status of Northern Ireland can only take place with the consent of a majority of its people. We agree that difference between the two traditions can only be accommodated by mutual agreement and accommodation and that any new institutions must reflect this. We agree that those who practice violence in support of political change are our common enemy. We agree in rejecting their futile activities which purport to build a new Ireland, not on respect for different traditions and aspirations, but on foundations of hatred and bloodshed. They are our common enemy and their greatest fear is that, together, we can succeed in reaching understanding and accommodation between our two traditions.

The goal of reconciliation between the two major traditions in Ireland will, I believe, be significantly assisted by a clear recognition of the substantial common ground which exists between both and between the two parts of Ireland in many areas of practical, day-to-day concern. It is important that we build on the things which already unite the people of the island, North and South. We have joint concerns about the future prosperity and development of the island in the new European context. If maximum advantage is to be taken of the challenges and opportunities which lie ahead in that context, it is essential that Northern Ireland should be developed economically in close conjunction with the rest of the island. Only an approach of this kind will permit the full potential of the economy to be realized in both parts of the island.

The Government are fully conscious of the responsibility that rests on us as on all sides in the current process. We will do our full part to ensure that the endeavours of all participants in the current process will prove worthy of the hopes invested in us by people of both traditions who now want to put an end to misunderstanding and division and reach towards a new beginning. We will do our utmost to put Northern Ireland firmly on the path to peace and the island as a whole, on the road to that reconciliation and partnership which has eluded us for so long.

I have listened carefully to what Senator Murphy said about the constitutional issue in particular as regards Articles 2 and 3. I think I would have a rather different perspective on the merits of the case. However we must all agree that it is not the views of the Government or even the Oireachtas which will be decisive in this regard. This is an issue on which our people as a whole must pronounce, if or when a question is put to them in a referendum. Such a referendum would touch on very deep issues, and could raise very strong passions. It would have to be very carefully considered in all its aspects. In general it would be important to ensure that any amendment we might propose to the people would not appear to be a denial of the right of people born or living in Northern Ireland to be Irish. Any proposal which seemed to go in that direction would, I believe, meet with very considerable opposition. Secondly, I believe there remains a strong aspiration to unity by peaceful means and by agreement. Anything which was interpreted as a denial of that aspiration would also meet with much opposition. We have indicated that constitutional issues are on the table in the Talks and we expect that all sides of all the constitutional aspects of the problem will be discussed. It would be our hope that the outcome of the talks will be based on respect for both traditions, not a denial of either, and that any constitutional proposals which might emerge will be in that spirit.

TODAY'S "BOXSCORE" OF THE NATIONAL DEBT

Mr. CRAIG. Mr. President, Senator HELMS is in North Carolina recuperating following heart surgery, and he has asked me to submit for the RECORD each day the Senate is in session what the Senator calls the "Congressional Irresponsibility Boxscore."

The information is provided to me by the staff of Senator HELMS. The Senator from North Carolina instituted this daily report on February 26.

The Federal debt run up by the U.S. Congress stood at $3,984,656,034,088.07, as of the close of business on Tuesday, June 30, 1992.

On a per capita basis, every man, woman, and child owes $15,513.01—thanks to the big-spenders in Congress for the past half century. Paying the interest on this massive debt, averaged out, amounts to $1,127.85 per year for each man, woman, and child in America—or, to look at it another way, for each family of four, the tab—to pay the interest alone—comes to $4,511.40 per year.

PRESIDENT BUSH'S VETO OF S. 250

Mr. FORD. Mr. President, in 2 days, our Nation will mark the 216th anniversary of our Independence. One of the hallmarks of our revolution and our constitutional system of Government is the right of citizens to have a say in the way our country is governed. The right to vote is the most fundamental right of every citizen of this Nation. Thus, it is with a heavy heart that I come to the floor to announce that President Bush has vetoed S. 250, the National Voter Registration Act of 1991. This is a sad way to enter into the celebration of our Nation's birthday.

Mr. President, throughout the consideration of S. 250, opponents have leveled many charges against this bill. Mostly, those concerns have been about fraud and costs. But, these are really nonissues, Mr. President. The real issue that has been overlooked, is whether we are going to have universal registration procedures that will enfranchise every eligible citizen in this country. For that reason, and for that reason alone, S. 250 is a good bill for democracy.

Only a few days ago, we were all witnesses to a dramatic moment in the history of the Congress when the first freely elected President of the Russian Republic delivered a speech to to a joint session of the Congress. President Yeltsin spoke with great conviction about democratic values.

Mr. President, as a result of that historic visit, and the historic events in the former Soviet Union, the Senate has been working on the Freedom for Russia and the Emerging Democracies and Open Markets Support Act, a measure supported by President Bush, to expand democracy for nations abroad. While at the same time, President Bush vetoed a measure to expand democracy at home.

It is obvious by this veto that President Bush does not trust the American people and is opposed to expanding democratic opportunities at home. Mr. President, this veto is a sad commentary on President Bush's commitment to democracy at home.

Mr. President, any Members who have recently visited with their constituents are well aware of the widespread discontent and disenchantment. While we can debate the many causes of that discontent, it is abundantly clear that a significant factor which is contributing to this discontent is that citizens feel alienated from their Government.

Throughout the consideration of S. 250, I have consistently stated, and I believe that an overwhelming majority of the Members of the Congress will agree with me, that one way to deal with that discontentment and alienation is to open the legitimate processes of Government to all our citizens. We need to remove the barriers to participation. We need to encourage full involvement in the selection of our representatives in Government.

We all agree that low voter turnout is a national disgrace. But it is hypocritical to suggest that the low voter turnout is a sign of public frustration while at the same time we do nothing to eliminate the frustrating procedures which prevent people from getting to the ballot box.

Mr. President, S. 250 is a bill which will remove many barriers to access the ballot box. That is what this bill is all about—access to the ballot box. S. 250 encourages full participation and involvement in the most important part of our representative form of Government—the election of our leaders at all levels of government.

President Bush's veto sends a message that he believes that the burden of participation in the electoral process should be on the individual. This bill rejects that idea. The burden of registration should be on the Government. Government should facilitate full participation by eliminating the confusing

and archaic registration procedures so that every eligible citizen who wishes to register and vote has that opportunity.

During the Senate's consideration of S. 250, I received a letter from the County Clerk of Cook County, IL, in which he said that "of all the factors that discourage voting, the easiest to remedy are cumbersome registration procedures." Mr. President, the National Voter Registration Act would have removed these unnecessary barriers to citizen participation. It would have reached more than 90 percent of eligible voters.

Mr. President, I ask this simple question: What does President Bush have to fear from the American people?

President Bush has vetoed several pieces of legislation during his term, but none have demonstrated the lack of political courage more than this one. The President's veto of this legislation sends a clear and unequivocal signal that President Bush and his advisors simply do not trust the American people. Whatever has become of President Lincoln's vision of a "government of the people, by the people, and for the people"?

President Bush said that he vetoed this legislation because it will increase the opportunities for fraud. In the words of Anna Quindlen, from her column in the New York Times on Sunday, June 21: "The fraud is not in the bill. It's in the veto."

Mr. President, 27 States and the District of Columbia have some form of motor-voter law. There has been no evidence of increased fraud in any of these States.

During the consideration of this legislation, I cited to a letter that I received from the secretary of State of Mississippi, Dick Molpus. Mississippi is one of 27 States that has mail registration. Secretary Molpus, who is also the President of the National Association of Secretaries of State, stated that "during a heated public debate on the merits of mail-in registration, my office conducted an extensive nationwide study of voter registration with particular emphasis on determining the potential for fraud during registration. We could find no evidence of registration fraud." The secretary concluded by saying that "mail-in registration is effective and safe."

The fact of the matter is, Mr. President, that S. 250 is a tough antifraud bill. It contains stringent Federal criminal penalties for registration and vote fraud, the same penalties as the Voting Rights Act of 1965. It requires the signature of a voter under penalty of perjury; it requires an attestation clause which sets forth all the requirements for eligibility to vote, including citizenship; it permits States to require by law that first time voters who register by mail make a personal appearance to vote. These are the same protective measures against fraud that already have proven to be effective.

President Bush also said that this legislation was too costly. I find that rather ironic that one of the arguments against the bill is that it will cost too much to register additional eligible citizens. That argument is a double standard because it implies that it is the State and local government's responsibility to pay only for those already registered, but it is the Federal Government's responsibility to pay for those who would be added.

Mr. President, I want to make a few points on the costs that opponents have exaggerated. This bill will not require the computerization of the voting rolls. Implementation could even reduce the cost per individual. If more people are registered and vote, it will cost more money. But it is a small price to pay for democracy.

Mr. President, these are the same arguments that were used against every measure which extended the right to vote. They were used against laws to extend the vote to women and to remove the barriers to the registration of minorities. They were even used against legislation to remove physical barriers to make the polling places accessible to the elderly and disabled. Those who made those arguments were wrong then. And they are wrong now.

Mr. President, this is a bill with proven and effective measures to prevent fraud and is a cost-effective means of enfranchising every eligible citizen in this country.

It is a sad day for democracy. It is a sad day for the party of Lincoln.

THE CLASSROOM OF THE FUTURE AND NATIONAL TECHNOLOGY CENTER

Mr. BYRD. Mr. President, last week, the new NASA Administrator, Daniel S. Goldin, offered the following in his prepared remarks to the National Space Club:

> The cutting-edge technology that comes from space research is what provides the new jobs and new industries of tomorrow. Between 1979 and 1986, the new products generated from NASA science and engineering created over 350,000 new jobs. NASA itself has a work force filled with genius: 250,000 employees, university researchers, and contractors.
>
> But we must do more than just provide opportunity; NASA provides inspiration, hope, pride, and boldness. Space gets kids excited about learning. NASA's educational programs touch millions of students, and make science and math fun.

Two of the principal NASA initiatives to implement Administrator Goldin's strategy are the National Technology Transfer Center and the Classroom of the Future, both of which are in Wheeling, WV.

More specifically, the purpose of the National Technology Transfer Center is to strengthen the competitiveness of U.S. industry by assisting the private sector to promptly commercialize the results of billions of dollars of federally sponsored research efforts conducted in 700 Federal laboratories.

The goal of the Classroom of the Future is to develop and test new computer software and the technologies of space exploration in order to devise new and exciting ways for young Americans to learn math, science, and aerospace studies.

Both of these projects respond to important national requirements. The National Technology Transfer Center will strengthen the competitiveness of American industry by assuring that businesses have rapid and productive access to marketable Federal technologies. The classroom of the Future will enhance the quality of the lamentable state of mathematics and science education in this country.

I am a strong supporter of improved math and science education as a means to a more productive and competitive work force. Current statistics demonstrate the growing disparity between the educational achievement of competitor nations and our own. We need to do something—and the NASA Classroom of the Future is a start. If it is successful, it can be replicated in other parts of the country.

Both of these programs are serious initiatives designed to address perceived serious national deficiencies. However, the June 24 edition of the Washington Post contains an article on the front page, entitled "For a Little College, a Big Helping Hand—Senator BYRD's Influence Is Behind Wheeling Jesuit's Research Grants," which tends to denigrate and trivialize these programs.

First, the article includes a quotation regarding the so-called peer review process: "On average, these unreviewed projects are of lower quality than those subjected to scrutiny by the National Science Foundation and other scientific panels." During the recent debate on rescissions, I had occasion to look into the peer review process. This is the process by which Federal taxpayer funds are awarded for such specious purposes as: A study of the sexual aggression in fish in Nicaragua; the importance of lawyers to the middle class; the personal identity of law school professors; the mating behavior of swordfish; how the Chinese have sought employment in urban areas since 1949; and a comparison of the roles of intra and intersexual selection in the evolution of sex-limited mimicry of two swallowtail butterflies, to name just a few.

In addition, through the peer review process, the National Institutes of Health made a $68,000 grant to calibrate the amount of dental pain persons experience by studying their facial expressions while in the dentist chair; a $205,000 grant to study the inci-

dent of dental fear in the population; and a $94,000 grant to study why people fear their dentist.

I wish the Washington Post reporter would tell readers how the above-mentioned grant awards, which were selected by the peer review process, represent a more important and useful investment for the taxpayer than the serious efforts to improve industrial competitiveness, mathematics, and science education, represented by the National Technology Transfer Center and the Classroom of the Future.

It has been my experience that although some peer-reviewed projects appear to be only marginally worthwhile or even a waste of money, or other nonpeer-reviewed projects appear to meet valid national purposes of high national importance. I am pleased to have been instrumental in bringing two of these worthwhile projects of national purpose to the campus of one of our colleges in West Virginia.

I make no apologies for my efforts and I am not alone in perceiving that the peer review process, which results in the concentration of Federal research support in a relatively small number of universities in a few States, constitutes a problem. Currently, five States receive almost 50 percent of all Federal research dollars, but some 18 States, including West Virginia, receive only 2 percent of all Federal research funds. I believe actions are sometimes needed to address the imbalance in research funds among various States. I, and other Members, on occasion, have taken actions to lessen the disparity in the research and development infrastructure. The funding of the National Technology Transfer Center and the Classroom of the Future are two such examples. NASA Administrator Goldin has assured me that the agency sees the National Technology Transfer Center as an important tool for creating jobs and stimulating economic growth in the private sector and, in that way, giving the taxpayer a greater return on Government-funded research dollars. Through the National Technology Transfer Center, West Virginia businesses, and businesses nationwide, as well as educator and students, will have access to information about the latest advances made through Government-sponsored research. Many state-of-the-art developments and discoveries established through NASA research have later been transferred to private-sector businesses and have led to improvements in an array of fields from medicine to computer technology.

In like fashion, I am also assured by Administrator Goldin that the Classroom of the Future project is an important part of the overall NASA educational effort to make a contribution to improved mathematics and science education of young Americans.

The Washington Post's reporter's denigration of these forward-looking projects is unfortunate and unfair.

FOUR BRAVE WOMEN VETERANS

Mr. CRANSTON. Mr. President, I rise to express my great admiration of and gratitude to four truly courageous women veterans. These veterans—Diana Danis, Barbara Franco, Jacqueline Ortiz, and Mary Kelley Richard—traveled to Washington to tell the Committee on Veterans' Affairs, at the hearing I chaired on Tuesday, of a deep wrong committed against them while they were serving our Nation. They were all victims of sexual assaults that occurred while they were on active duty.

A second wrong was committed when military authorities failed to respond as they should have to these women's complaints, brushing them off when they pled for help after the assaults occurred.

Still a third wrong was committed against three of them when they later sought help at Veterans' Administration facilities and did not receive prompt, compassionate, and appropriate care.

It is apparent that many, many more women serving in our Armed Forces—we do not yet know how many, but surely thousands upon thousands—have been similarly wronged.

I was deeply moved by the testimony of these brave women. It is sometimes frightening to appear before a congressional committee.

It is even more difficult if the story you share forces you to remember extremely traumatic events. I am deeply grateful to Jackie, Diana, Barbara, and Mary Kelley for sharing their experiences in order to help us correct a terrible, long-standing deficiency in VA health-care programs.

We, as a people, owe a debt of gratitude to all woman veterans for their contributions to our Nation's defense. We owe a special debt of gratitude to Diana, Barbara, Jackie, and Mary Kelley for bravely coming forward to share their painful experiences before the Committee on Veterans' Affairs. I made a promise to each of them, and I repeat my promise today, that I will work to do all I can to ensure that women veterans who are victims of sexual violence wile serving their Nation will have available to them the high-quality, responsive counseling and other services they need in order to recover fully from the trauma they suffered.

AMERICAN VISIONARY ART MUSEUM

Mr. FORD. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of Senate Concurrent Resolution 81, regarding the American Visionary Art Museum, and that the Senate then proceed to its immediate consideration, that the concurrent resolution be agreed to, and the motion to reconsider laid upon the table, and that the preamble be agreed to.

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

So, the concurrent resolution (S. Con. Res. 81) was agreed to.

The concurrent resolution, with its preamble is as follows:

S. CON. RES. 81

Whereas visionary art is the art produced by self-taught individuals who are driven by their own internal impulses to create;

Whereas the visionary artist's product is a striking personal statement possessing a powerful and often spiritual quality;

Whereas prominent among the creators of visionary art are the mentally ill, the disabled, and the elderly;

Whereas there are many museums of visionary art located throughout Europe such as the Art Brut Museum located in Lausanne, Switzerland;

Whereas the American Visionary Art Museum is the first museum in North America to be wholly dedicated to assembling a comprehensive national collection of American visionary art;

Whereas the collection at the American Visionary Art Museum includes film, literature, and research on all fields related to visionary art;

Whereas the American Visionary Art Museum's mission is to increase public awareness of uncommon art produced by individuals in response to extraordinary circumstances;

Whereas the American Visionary Art Museum seeks to remove the stigma associated with disability by illuminating the power of humans to triumph over adversity through creativity;

Whereas the national policy of deinstitutionalization has resulted in the closure of many facilities and the destruction of visionary artwork;

Whereas the American Visionary Art Museum has the support of certain offices of the National Institute of Mental Health and other government agencies in its goal to function as a national repository for works produced by formerly institutionalized individuals; and

Whereas it is in the best interest of the national welfare and all American citizens to preserve visionary art and to celebrate this unique art form: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) visionary art should be designated as a rare and valuable national treasure to which we devote our attention, support, and resources to make certain that it is collected, preserved, and understood; and

(2) the American Visionary Art Museum is the proper national repository and educational center for visionary art.

SENATE CONCURRENT RESOLUTION 81

Ms. MIKULSKI. Mr. President, earlier this year I introduced a concurrent resolution to designate the American Visionary Art Museum as the national repository and educational center for visionary art.

Visionary Art has been reported on the front page of the Wall Street Jour-

nal to be a "major art trend of the 1990's." It is an art form that comes from the soul. Most of the artists are self-taught people who create powerful works out of everyday tools.

These artists are not formally trained, but express themselves through their art. Some are old, some are young, some are mentally ill, some are people with disabilities. The American Visionary Art Museum seeks to remove the stigma associated with disability by showing the power of humans to triumph over adversity through creativity. It will publicly display these works so that everyone can share the beauty.

The museum is also developing a cafe to serve visitors. The cafe would have a strong commitment to hiring and training persons with disabilities to help these people become active members of our work force. Ben & Jerry's Foundation, created as the philanthropic arm of Ben & Jerry's Ice Cream, has agreed to help develop the museum cafe.

I strongly believe that this museum is a new and exciting idea whose time has come. There is no cost to the Federal Treasury to designating this museum the national repository and education center for visionary art. I urge you to join me in supporting it by adopting Senate Concurrent Resolution 81.

ARKANSAS BEACH IN UNALASKA, AK

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Joint Resolution 326, a joint resolution designating a beach in Unalaska, AK as the "Arkansas Beach" introduced earlier today by Senators MURKOWSKI, BUMPERS, and PRYOR.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 326) designating the beach at 53 degrees 53'51" N, 166 degrees 34'15" W to 53 degrees 53'48" N, 166 degrees 34'21" W on Hog Island, which lies in the Northeast bay of Unalaska, Alaska be named "Arkansas Beach" in commemoration of the 206th regiment of the National Guard who served during the Japanese attack of Dutch Harbor, Unalaska on June 3 and 4, 1942.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

The PRESIDING OFFICER. Without objection, the joint resolution is deemed read three times and passed. The preamble is also agreed to.

So, the joint resolution (S.J. Res. 326, with its preamble, was passed.

(The text of S.J. Res. 326, as passed by the Senate, will be printed in a future edition of the RECORD.)

Mr. FORD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

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

The motion to lay on the table was agreed to.

STUDY OF A UNIVERSAL-TYPE SCHOOL LUNCH AND BREAKFAST PROGRAM

Mr. FORD. Mr. President, I ask unanimous consent that the Agriculture Committee be discharged from further consideration of Senate Resolution 303, relating to a study of the school lunch and breakfast program, and that the Senate proceed to its immediate consideration.

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

The clerk will report.

The bill clerk read as follows:

A resolution (S. Res. 303) to express the sense of the Senate that the Secretary of Agriculture should conduct a study of options for implementing universal-type school lunch and breakfast programs.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. MITCHELL. Mr. President, every teacher knows how important the school lunch and breakfast programs are to our children's education. These programs help ensure that children have the nutrition they need to grow and learn.

I am concerned now about reports that the school lunch and breakfast programs are facing new financial difficulties, including shortages of bonus commodities.

This resolution, which I introduced May 21 with Senator LEAHY, expresses the sense of the Senate that the Department of Agriculture should undertake a study of how the school lunch and breakfast programs might be better supported by a universal system in which virtually all children participate without distinction by income level.

Such a universal system might provide a free meal to all children regardless of income, or it might aim to increase participation by more modest means, such as simplifying collection of payments to reduce the stigma of participation. The Department of Agriculture would be expected to present and analyze a variety of options for universal lunch and breakfast programs.

I hope the administration will carry out the study called for by this resolution. Quite frankly, I, and I expect many other Members, need the information such a study would offer so that we can decide whether to support a universal school lunch and breakfast program.

I greatly appreciate the work of the American School Food Service Association, the Maine School Food Service Association, and particularly the advice and guidance of Kevin Cowperthwaite, the director of the Food Distribution Program in Maine, and Senator LEAHY on this resolution. I look forward to working further with all of these parties as we study possible changes and improvements to school lunch and breakfast programs.

Mr. LEAHY. Mr. President, I am proud of the School Lunch and School Breakfast Programs across this country.

The School Lunch and Breakfast Programs are among the most important Federal nutrition programs. Each day, they supply millions of young children with the food they need to live, to learn, and to grow. Healthy children are the foundation of a healthy nation, and the school food programs play a vital role in the lives of our children.

The National School Lunch and Breakfast Programs, however, are facing new challenges, and seeking new solutions to old problems. A dramatic reduction in Federal support for the programs in the early 1980's reduced the number of children able to participate, and more recently schools have seen a steep decline in the availability of bonus commodities.

I have heard reports that local schools face increasing indirect cost assessments, and each year schools drop out of the National School Lunch and Breakfast Programs because of economic difficulties. Low-income children whose schools drop out of the lunch and breakfast programs may have nowhere to go for the meals they need.

I also know that low-income children feel discriminated against because their classmates know that they are getting a free lunch or breakfast. While the program is supposed to be designed so that other students do not know who qualifies for a free or reduced-price meal, this is difficult to achieve in practice. The end result is that children of all incomes perceive a stigma associated with participation in the School Lunch and Breakfast Programs.

The problems we see in these programs, however, prompt us to reexamine the structure and operation of the School Lunch and Breakfast Programs. There may be solutions to these problems that are of limited scope, or it may be that the best solutions will require a long-term and fundamental change in the way we approach feeding children in school.

The resolution that we are considering today directs the Secretary of Agriculture to study a proposal, originally championed by the American School Food Service Association, that is aimed at bringing more students and more schools into the National School Lunch and Breakfast Programs.

I should note that the Universal Student Nutrition Act, which embodies

the principles of this proposal, has been introduced in the House.

This proposal envisions a diverse set of possibilities. At a minimum, that meal payments now collected daily at the schools would be collected centrally by the Federal Government. At the other end of the spectrum, additional funding could be provided for the School Lunch and Breakfast Programs to give Government-sponsored meals to all children regardless of income. In the middle ground lie such options as having the Internal Revenue Service collect meal payments on an annual basis from higher-income families, perhaps in combination with changes in the current reimbursement rates.

The underlying goal of this proposal to revamp the School Lunch and Breakfast Programs is to encourage universal participation, in order to further the programs' mission of reducing child hunger and preparing children for learning. If in the process the current complex system of income eligibility brackets, payments, and verification could be simplified, or eliminated in the case of free meals to all, administrative burdens would be reduced and resources could be diverted to ensuring better meal services.

This resolution directs the Secretary of Agriculture to carry out a study of all facets and ramifications of the universal lunch and breakfast proposal initially suggested by ASFSA. It is expected that the Secretary would examine all possible means, from the most limited to the most expansive, of achieving ASFSA's goals of centralizing collection of student payments, reducing stigma, and ultimately increasing participation by making the program more attractive to students of all incomes.

Among other aspects of the universal lunch and breakfast proposal, the Secretary is expected to examine a variety of new revenue sources for the National School Lunch and Breakfast Programs, including, but not limited to, restructuring section 32 funds and reducing the dependent care allowance. With regard to a centralized collection of lunch and breakfast payments, the Secretary should include in an analysis of options the feasibility of requiring the Internal Revenue Service to include school meal payments in the tax assessments of participating families, to be adjusted according to income eligibility.

It is important to emphasize that the Secretary is expected to provide an analysis of all options for restructuring the School Lunch Program that are consistent with the historic purpose of the program to provide assistance for children to eat healthy meals in school. While the Secretary's opinion of each option is expected, Congress must have for review every option, regardless of its merit as determined by the Secretary.

In addition to options for restructuring the National School Lunch and Breakfast Programs, the Secretary should explain the legislative and regulatory changes that would be necessary to carry out these options.

I expect that the Secretary will work closely with ASFSA and other interested groups in developing and carrying out this study. I also expect that the Secretary will carry out this study expediently, to give Congress ample time to review its findings before reauthorization of the National School Lunch Act in 1994.

In conclusion, I want to emphasize although we must look closely at the details of the universal school lunch and breakfast proposal, we must not lose sight of the broad goal of these programs, to serve children healthy meals, and prepare them for learning. Any changes to the lunch and breakfast programs must be designated and implemented carefully to ensure that schools are able to continue serving our children with the dedication and excellence that we all treasure.

Mr. MCCONNELL. Mr. President, I rise today in support of Senate Resolution 303, a resolution expressing the sense of the Senate that the Secretary of Agriculture study a universal school lunch proposal. I remember back in early March when the American School Food Service Association [ASFSA] had their annual Legislative Action Conference here in Washington. I had the pleasure to meet with 10 ASFSA members from Kentucky one afternoon, and the issue we spent the majority of our time talking about was the universal school lunch proposal.

The benefits which the school lunch and school breakfast programs provide for our Nation's children is clear. Nutritious breadfasts start our children off each day ready to learn. School lunches provide the fuel the children need to make it through the day. Often times, these meals are the only healthy, nutritious meals a child will eat in a day. A universal proposal that would expand the school lunch and breakfast programs will help reach those children who come to school hungry in the morning, or who eat junk food for lunch.

I believe there are constructive changes that should be made to the current programs—changes that would reduce the paperwork burden on schools, reach more at-risk children, and at the same time, remain within the bounds of our budgetary restraints. These changes will not be easy, and no matter what label is placed on these reforms, these should be our goal. At the same time, safeguards should be maintained which ensure that the programs are targeted toward the most needy recipients, and are not spread too thin.

Requesting this study is the first step in reforming our school nutrition programs, and I look forward to working on these improvements as the ranking Republican on the subcommittee which has jurisdiction over these programs.

AMENDMENT NO. 2729

(Purpose: To express the sense of the Senate that the Secretary of Agriculture should conduct a study of options for implementing universal-type school lunch and breakfast programs)

Mr. FORD. Mr. President, on behalf of Senator LEAHY, I send a substitute amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD], for Mr. LEAHY, proposes an amendment numbered 2729.

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

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

The amendment is as follows:

Strike all after the resolving clause and insert the following:

It is the sense of the Senate that the Secretary of Agriculture should incorporate into the studies required under section 1779 of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 1751 note) a study of various options for implementing universal-type school lunch and breakfast programs that includes consideration and assessment of—

(1) how to administratively structure universal-type school lunch and breakfast programs;

(2) how to increase the role of nutrition education;

(3) how to encourage schools to increase their participation in the school breakfast program;

(4) an appropriate a la carte food policy to be consistent with universal-type school lunch and breakfast programs;

(5) options for funding the cost of universal-type school lunch and breakfast programs;

(6) administrative costs and savings at Federal, State, and local levels as a result of not having to determine family income and do income-based meal counts; and

(7) the need for legislative changes to carry out universal-type school lunch and breakfast programs.

SEC. 2. As used in this resolution, the term "universal-type school lunch and breakfast programs" means school lunch and breakfast programs administered under the National School Lunch Act (42 U.S.C. 1751 et seq.) and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) under which the Federal reimbursement under the programs for each meal served consistent with United State Department of Agriculture guidelines is provided at an equal rate without regard to the income of the family of the student.

SEC. 3. The Secretary is requested to submit a final report on the information requested to submit a final report on the information requested by this resolution to Congress with the final report submitted under section 1779(c)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 1751 note).

SEC. 4. A copy of this resolution shall be transmitted to the President, the Secretary of Agriculture, the Secretary of Education,

the Secretary of Health and Human Services, and the Director of the Office of Management and Budget.

Strike the preamble and insert the following:

Whereas the national school lunch and breakfast programs are vital to protecting the health and well-being of the Nation's children;

Whereas these essential child nutrition programs help prepare children to learn and to combat childhood hunger;

Whereas the national school lunch program serves approximately twenty-five million children a day, and the school breakfast program serves approximately four million children a day;

Whereas there are several million eligible low-income students who are not participating in the free and reduced price school meal programs; and

Whereas Federal subsidies were reduced early in the last decade, United States Department of Agriculture bonus commodities have dramatically declined, the administrative complexity and cost of administering the national school lunch and breakfast programs have increased, and local indirect cost assessments are reported to be increasing in many local school districts: Now, therefore, be it

The PRESIDING OFFICER. The question is on the substitute amendment.

The amendment (No. 2729) was agreed to.

Without objection, the resolution is agreed to.

The resolution (S. Res. 303) was agreed to.

The preamble, as amended, was agreed to.

Mr. FORD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

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

The motion to lay on the table was agreed to.

AUTHORIZING FINANCIAL ASSISTANCE FOR MARY McLEOD BETHUNE MEMORIAL FINE ARTS CENTER

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. 2984, authorizing financial assistance for the construction and maintenance of the Mary McLeod Bethune Memorial Fine Arts Center, introduced earlier today by Senators GRAHAM and MACK.

The PRESIDING OFFICER. The bill will be stated by title.

The bill clerk read as follows:

A bill (S. 2984) to authorize financial assistance for the construction and maintenance of the Mary McLeod Bethune Memorial Fine Arts Center.

Mr. GRAHAM. Mr. President, the Senate has just passed important legislation to honor Dr. Mary McLeod Bethune. Dr. Bethune's career was most remarkable, and her contributions to America, and to the advancement of African-Americans, can be seen throughout the country today.

That is why I am especially pleased that my colleagues have agreed unanimously to authorize the completion of the Mary McLeod Bethune Memorial Fine Arts Center at Bethune-Cookman College in Daytona Beach, FL.

Dr. Bethune founded Bethune-Cookman in 1904 and served as the college's first president, for 36 years. Today, Bethune-Cookman has approximately 4,000 students and plays an integral role in Florida's higher education community.

Bethune-Cookman has achieved recognition on a national scale as well. Dr. Oswald P. Bronson, Sr., president of Bethune-Cookman, is the immediate past-Chairman of the Presidents of the United Negro College Fund.

The establishment of a fine institution like Bethune-Cookman is an admirable lifetime achievement by any standard. As the 15th child of slave parents, Dr. Bethune's success is especially remarkable.

But her accomplishments loom even larger than the creation of Bethune-Cookman. Mary McLeod Bethune founded the National Council of Negro Women.

She was a close friend and confidant of five U.S. Presidents, from Teddy Roosevelt to Harry S. Truman. She was also the head of the Negro division of the National Youth Administration.

The fine arts center at Bethune-Cookman is appropriately named for Dr. Bethune. Once complete, the center will play an essential role in helping the college's students keep pace with advances in industry and technology to be competitive in Florida's economy.

The center will also serve the surrounding community, being available to civic associations, community organizations, churches, and multicultural groups.

I invite my colleagues to visit Bethune-Cookman and witness the fruits of this important investment. I am certain they will be pleased with their decision to support this legislation.

I look forward to final passage of this bill, and I thank my colleagues for their unanimous approval of this measure.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed as follows:

S. 2984

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 775 of the Higher Education Act of 1965 (20 U.S.C. 1132h-4) is amended—

(1) in subsection (c) by inserting "and maintenance" after "construction", and

(2) in subsection (d) by striking "$6,200,000" and inserting "$15,700,000".

Mr. FORD. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

82D AIRBORNE DIVISION 50TH ANNIVERSARY RECOGNITION DAY

Mr. FORD. Mr. President, I ask unanimous consent that the Judicary Committee be discharged from further consideration of Senate Joint Resolution 270, designating August 15, 1992, as the 82d Airborne Division's 50th Anniversary recognition date; that the Senate then proceed to its immediate consideration; that the joint resolution be deemed read the third time, passed, and the motion to reconsider be laid upon the table; further, that the preamble be agreed to and that any statements appear in the RECORD at the appropiate place.

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

So the joint resolution (S.J. Res. 270) was deemed read the third time and passed.

The preamble was agreed to.

The joint resolution, with its preamble, is as follows:

S.J. RES. 270

Whereas 50 years ago, brave men and women of the United States made tremendous sacrifices to defend freedom and to save the world from tyranny and aggression during World War II;

Whereas, during World War II, the American paratrooper became a new type of fighting soldier;

Whereas, from the drop zones of Sicily and Normandy to the desert sands of Iraq, the paratroopers of the 82d Airborne Division of the United States Army have distinguished themselves as being among those who were the first to answer the call to go in harm's way;

Whereas the 82d Airborne Division is recognized as an elite fighting force that continues to be on the cutting-edge of our Armed Forces;

Whereas today, as for the past 50 years, the 82d Airborne Division's ranks are filled with some of our Nation's best soldiers; and

Whereas it is appropriate that we recognize the 82d Airborne Division on the 50th anniversary of its formation and pay tribute to the gallant paratroopers, past and present, who wear the maroon beret: Now, therefore, be it

Resolved by the Senate of House of Representatives of the United States of America in Congress assembled,

That August 15, 1992, is designated as "82d Airborne Division 50th Anniversary Recognition Day". The President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate programs, ceremonies, and activities acknowledging the many important contributions of the 82d Airborne Division of the United States Army over the past 50 years.

REPRESENTATIVE FUNCTION OF MEMBERS OF THE SENATE WITH RESPECT TO COMMUNICATIONS FROM PETITIONERS

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed

to the immediate consideration of calendar No. 490, Senate Resolution 273, a resolution to amend the Standing Rules of the Senate to provide guidance to the Members of the Senate, and their employees, in discharging the representative function of Members with respect to communications from petitioners.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 273) to amend the Standing Rules of the Senate to provide guidance to Members of the Senate, and their employees, in discharging the representative function of Members with respect to communications from petitioners.

Mr. MITCHELL. Mr. President, on March 19, 1992, I submitted, on behalf of myself and the distinguished Republican leader, Senate Resolution 273, to amend the Standing Rules of the Senate by adding a new rule, rule XLIII, to provide guidance to Members of the Senate and their employees in discharging the representative function of Members with respect to communications with Federal agencies and officials at the behest of petitioners. The resolution would provide for enforcement of the new rule by the Select Committee on Ethics.

Senate Resolution 273 is the product of the task force on constituent service, which Senator DOLE and I appointed last year, and which recommended a new Senate rule on assisting petitioner in communicating with Federal agencies and officials. After reviewing the task force proposal, the distinguished Republican leader and I introduced Senate Resolution 273, which was referred to the Committee on Rules and Administration. The Rules Committee now has reported the measure favorably, without amendment.

The central provision of the new rule prohibits Members from basing the decision to assist a petitioner before a Federal agency or official on whether the petitioner has contributed to the Member's campaign or causes. In addition, the rule provides general guidance on permissible contacts with Federal agencies and officials on behalf of petitioners. Importantly, the rule also requires that Members make a reasonable effort to supervise the actions that Senate staff take on behalf of Members in assisting petitioners.

We have had the benefit of comments on the new rule by organizations outside of the Senate. One set of comments was submitted by Common Cause, which had filed a complaint with the Ethics Committee in the Keating matter, and has had an interest in developments resulting from that proceeding. We appreciate Common Cause's concern, while disagreeing with its criticisms of the new rule.

To begin with, Common Cause evidently disagrees with the results of the Ethics Committee's proceedings in the Keating matter, and objects that the new rule would do no more than codify those results. Because, upon consent, the Ethics Committee concluded its investigation with the strongest final action which it had the authority to impose, namely a severe reprimand, the Senate did not debate and vote on the committee's action. Nevertheless, I am confident that there is broad, and merited, agreement in the Senate that the report of the Ethics Committee provides to the entire Senate community and to the public a clear and significant articulation of the standards that govern the conduct of Members. I commend that report to all Members and staff of the Senate for their continued study and guidance.

With respect to the text of the proposed rule, Common Cause objects that "Rule XLIII is fundamentally flawed because it does not provide protection against the appearance of improper use of influence." It also objects that the rule fails to "sufficiently emphasize" a Senator's responsibility to assure that—

"The methods of intervening in administrative matters are not themselves so inherently damaging to the administrative process or to legislative-administrative relations that they offset any public benefit that might be gained from any such legislative pressure."

Common Cause's criticisms misapprehend the relationship between particular rules of conduct in the Senate and the larger system of ethical restraints and enforcement in the Senate. Section 1 of Senate Resolution 266 of the 90th Congress, which was adopted in 1968 and continues as a standing order of the Senate, explicitly provides that "the written expression of certain standards of conduct, complement the body of unwritten but generally accepted standards that continue to apply to the Senate." For example, the Ethics Committee, in its final report in the Keating matter, reminded the Senate, without referring to any standing rule of the Senate, that—

every Senator always must endeavor to avoid the appearance that the Senator, the Senate, or the governmental process may be influenced by campaign contributions or other benefits provided by those with significant legislative or governmental interests. S. Rep. No. 223, 102d Cong., 1st Sess. 12 (1991).

Consistent with that approach, rule XLIII does not, and was not intended to, govern the entire range of ethical issues that might arise with respect to assistance to petitioners. Rather, it addresses a specific issue namely, a Member's decision to assist a petitioner before a Federal agency or official. Nothing in the proposed rule would disturb the Ethics Committee's jurisdiction over allegations of improper conduct that may reflect upon the Senate. Nor does it displace other ethical guidelines, such as the Code of Ethics for Government Service, to name one source identified by Common Cause, from which the Ethics Committee might draw principles to guide its consideration of allegations of improper conduct that may reflect upon the Senate.

For the important ground which it does cover, the proposed new rule on assistance to petitioners provides necessary guidance to Members in carrying out their representative function of assisting petitioners in communicating with Federal officials and agencies. It affirms that providing assistance to petitioners is an appropriate representative function, provides general guidance on permissible contacts with agencies, and specifically directs Members to assure that assistance is not based on whether a petitioner has contributed to the Member or to the Member's causes.

Mr. President, to provide guidance to Members of the Senate with respect to the purpose and particulars of Senate Resolution 273, I ask unanimous consent that the following joint section-by-section analysis by the sponsors of Senate Resolution 273 be printed in the RECORD.

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

JOINT SECTION-BY-SECTION ANALYSIS BY SPONSORS OF SENATE RESOLUTION 273

I. PREAMBLE TO THE RESOLUTION

The preamble to Rule XLIII sets forth both the ethical basis for Members of Congress to represent the interests of constituents and others in their dealings with federal agencies and officials and the ethical principle that should guide such representation.

The first clause of the preamble recognizes that responding to requests for assistance with federal agencies and officials has a constitutional dimension, as it is grounded in the first amendment "right of the people . . . to petition the Government for a redress of grievances." U.S. Const., amend. I. It is often difficult for individuals to obtain the attention of government agencies by direct communications with them and elected representatives can assist citizens in bringing individual grievances to the attention of the departments of the federal government. The House of Representatives has similarly taken cognizance of this aspect of responding to petitions for assistance. See House Committee on Standards of Official Conduct Advisory Opinion No. 1, reprinted in The Committee on Standards of Official Conduct, Ethics Manual for Members, Officers, and Employees of the U.S. House of Representatives, 102d Cong., 2d Sess. 263 (Comm. Print 1992).

In addition to helping to assure that justice is done in individual cases, responding to petitions for assistance is part of the congressional oversight function. Individual complaints can assist in identifying problems with existing legislation and indicate the need for new legislation.

The second clause of the preamble sets forth the principle that responses to petitions for assistance, like all senatorial functions, must be performed in a manner consistent with the public trust. The Senate has declared that

The ideal concept of public office, expressed by the words, "A public office is a

public trust", signifies that the officer has been entrusted with public power by the people; that the officer holds this power in trust to be used only for their benefit and never for the benefit of himself or of a few; and that the officer must never conduct his own affairs so as to infringe on the public interest. All official conduct of Members of the Senate should be guided by this paramount concept of public office.

Standing Orders of the Senate, Senate Manual, S. Doc. No. 1, 101st Cong., 1st Sess. §79.6, at 130 (1989) (reprinting S. Res. 266, 90th Cong., 2d Sess. §1 (1968)). Rule XLIII places into the Standing Rules a standard governing assistance to petitioners that embodies this basic principle.

II. SECTION 1: RULE XLIII

A. Paragraph 1: Responding to Petitions for Assistance

Paragraph one of the rule affirms that providing assistance to petitioners by communicating their grievances to federal executive and independent agencies or officials is a legitimate part of a Member's representative function. This is in accord with the Ethics Committee's recognition that "[i]t is a necessary function of a Senator's office to intervene with officials of the executive branch and independent regulatory agencies on behalf of individuals when the facts warrant." Report on the Investigation of Senator Alan Cranston, S. Rep. No. 223, 102d Cong., 1st Sess. 14 (1991).

In referring to the right to assist "petitioners," rather than "constituents," the rule recognizes that Members may assist petitioners who do not reside in their home states. Home state residence will often be the basis of an individual's communication to a Member, and of the Member's response to the communication. Nevertheless, Members are United States Senators who may respond to the unresolved grievances of persons who reside elsewhere in the United States.

Although Rule XLIII explicitly addresses communications with federal entities, the principles articulated in the rule apply to communications on a petitioner's behalf to other entities, including state entities, which petitioners occasionally may ask Members to contact.

B. Paragraph 2: Examples of Permissible Communications

Paragraph two of Rule XLIII provides examples of communications with agencies and officials that Senators and their employees may make on behalf of petitioners. It builds upon Advisory Opinion No. 1 of the House Committee on Standards of Official Conduct.

As the last clause of paragraph two indicates, the examples provided in paragraph two are not exclusive. Rather, they illustrate the types of action that Members and their staffs frequently, and appropriately, take on behalf of petitioners. It is common practice, for example, for a Member's office to request that an agency provide information about the status of a matter under consideration by the agency. Similarly, it is not uncommon for Members to arrange appointments for constituents with agency officials so that constituents may present their cases directly to them. Members may also urge prompt consideration of, and express judgments about, matters pending before agencies.

In describing when a Member may seek reconsideration of an agency decision, paragraph two, explicitly recognizes that it is appropriate for Members to ask agencies to consider matters of equity or public policy in addition to questions of compliance with statutes and regulations.

All of the examples of permissible communications listed in paragraph two are subject to the stricture in paragraph three that decisions to communicate with agencies and officials may not be based on contributions. Thus, while it is generally permissible for a Member, at a petitioner's request, to seek reconsideration of an agency decision because the Member believes the decision is legally incorrect or is inequitable, the Member may not do so if his or her communication to the federal agency or officer is based on the petitioner's contributions.

C. Paragraph 3: Restricting Political, Financial, and Personal Influence

The requirement that assistance to petitioners be provided in a manner consistent with the public trust is embodied in paragraph three of Rule XLIII which states that the decision to provide assistance to petitioners "may not be made on the basis of contributions or services, or promises of contributions or services, to the Member's political campaigns or to other organizations in which the Member has a political, personal, or financial interest." The prohibition in paragraph three applies to the provision of "services" as well as contributions of money, and to the "promise" of contributions and services, as well as to their actual delivery.

Paragraph three is intended to be consistent with the standard recently described by the Ethics Committee in its report on the investigation of Senator Cranston. In that report, the Committee observed that "[t]he cardinal principle governing Senators' conduct in this area is that a Senator and a Senator's office should make decisions about whether to intervene with the executive branch or independent agencies on behalf of an individual without regard to whether the individual has contributed, or promised to contribute, to the Senator's campaigns or other causes in which he or she has a financial, political or personal interest." S. Rep. No. 102-223, at 11-12. The Ethics Committee elaborated that,

"This standard does not prohibit a Senator from providing constituent service for a contributor. It does, however, impose a special obligation on that Senator to guard the public trust in that Senator, the Senate, and the governmental processes by ensuring that the service is being provided because the Senator reasonably believes it is in the public interest or the cause of equity or justice to do so, and not because the individual is a contributor. Senators may endeavor to meet this special obligation in a number of ways, for example, by establishing office practices indicating that only constituent cases that they or their staffs reasonably believe have merit will be pursued." Id. at 30.

Paragraph three is directed principally at interventions in administrative proceedings that should be decided on the basis of statutes or regulations, such as the matters involved in the recent investigation by the Ethics Committee, or in the granting of permits, licenses, and contracts, or in agency adjudications. It does not govern communications about matters with regard to which politics has long played an accepted role. For example, communications to the President about whom to nominate to a Cabinet post, or whom to invite to a state dinner, are not within the scope of the rule. Such communications may be subject to other limitations as, for example, the federal criminal prohibition on soliciting or receiving money or other things of value in return for the promise of support or use of influence in securing an appointive office. 18 U.S.C. §211 (1988).

Paragraph three governs a Member's "decision to provide assistance." In addressing a Member's decision to act in response to a petitioner's request for assistance, the rule does not regulate a Member's decision to speak with political supporters, including contributors.

Paragraph three prohibits action on the basis of contributions, whether those contributions are to the Member's political campaign "or to other organizations in which the Member has a political, personal, or financial interest." It requires, when the Member's office is aware that contributions have been made to the Member's campaign or to organizations in which a Member has a political, financial, or personal interest, that care be taken to ensure that the decision whether to intervene is not based on those contributions. The rule does not require that a Member ascertain in each case whether a petitioner has made contributions that are covered by the rule.

D. Paragraph 4: The Obligation of Members to Assure That Senate Employees Comply With the Rule

Paragraph four of Rule XLIII provides that "A Member shall make a reasonable effort to assure that representations made in the Member's name by any Senate employee are accurate and conform to the Member's instructions and to this rule."

Representations that are made in a Member's name should be "accurate and conform to the Member's instructions. The requirement that representations be "accurate" should prompt each Member to make reasonable efforts to assure that employees do not misrepresent the Member's positions. The requirements that representations "conform to the Member's instructions" is intended to encourage Members to establish appropriate limits on the actions that staff may take on a Member's behalf. Together, these requirements direct Members to make reasonable efforts to supervise, or provide for the supervision of, the implementation of their instructions about constituent service.

Paragraph four does not restrict a Member's supervisory responsibility to Senate employees who are on the Member's personal staff. The rule applies to representations made by "any Senate employee." According, the rule would also apply to committee personnel, and to others whose compensation is paid by the Senate, who assist Members. The rule does not render a Member accountable for the actions of employees who make representations without the Member's knowledge where it would be unreasonable to have expected the Member to have been aware of the actions.

E. Paragraph 5: Legislative and Committee Responsibilities

Paragraph five of the rule provides that "Nothing in this rule shall be construed to limit the authority of Members, and Senate employees, to perform legislative, including committee, responsibilities."

Although other ethical constraints are applicable, such as Senate Rules XXXVII.1 and XXXVII.4 on conflicts of interest, Rule XLIII does not apply to a Member's responsibilities in introducing, debating, and voting on legislation. The rule also does not apply to the oversight of federal agencies through committee investigations or hearings, as opposed to a Member's individual communications to the agency on behalf of particular constituents. On the floor and in committees a Member's actions occur in a collegial, multiparty,

and generally open setting, and are subject to critical examination by other Members and the public. Rule XLIII addresses the special circumstances of communications to agencies that occur outside of floor or committee proceedings. Paragraph 4 does not insulate from scrutiny written communications to agencies or officials, which although performed under the aegis of a committee, in substance constitute assistance to petitioners.

III. SECTION 2: ENFORCEMENT BY THE SELECT COMMITTEE ON ETHICS

Section 2 of Rule XLIII provides that the rule will be considered part of the Senate Code of Official Conduct. The purpose of this provision is to bring the rule within the jurisdiction of the Ethics Committee, which under S. Res. 338, 88th Congress, has the duty to investigate violations of the Code of Official Conduct. The Ethics Committee will have authority to issue interpretive rulings and provide advice and guidance to Members and staff on the requirements of the rule. The Committee also will have authority to investigate allegations of violations of the rule, and to recommend discipline to the Senate.

Nothing in the rule, of course, precludes either the Ethics Committee or an appropriate law enforcement entity from considering whether a connection between contributions and official action implicates any criminal statute, including the statute on bribery or the receipt of unlawful gratuities, 18 U.S.C. §§ 201(b)(2), 201(c)(1)(B) (1988).

Mr. SMITH. Mr. President, it gives me great pleasure to lend my support to Senate Resolution 273, the proposed constituent services rule. As a member of the constituent services task force, appointed by the majority leader, Senator MITCHELL, and the Republican leader, Senator DOLE, I have had the privilege to work to develop this proposal with five of the most talented and hard-working Members of this body—Senator FORD of Kentucky, Senator STEVENS of Alaska, Senator BUMPERS of Arkansas, Senator KASSEBAUM of Kansas, and Senator SASSER of Tennessee.

I feel that the final product is a good one and one which, I trust, will justify the faith which this body has placed in us.

At its core, proposed rule XLIII would require that a decision to provide assistance involving communication with an executive agency not be made on the basis of contributions or services, or promises of contributions or services, to the Member's political campaigns or to other organizations in which the Member has a political, personal, or financial interest. Thus, the rule looks to the motivation of the Member and his staff in determining whether or not intervention on behalf of the petitioner is ethical.

I realize that there are some who feel we should have resolved issues other than the ones we were commissioned to tackle. I believe we acted wisely in staying within the limits of our mandate and developing a workable, yet tough, proposal to ensure that Senators act ethically in carrying out their responsibilities to their constituents.

Mr. President, I commend my fellow Members of the constituent services task force and I trust that our work product will serve as an effective guidance to this body for many years to come.

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

The resolution (S. Res. 273) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 273

Whereas the first amendment of the Constitution guarantees the "right of the people . . . to petition the Government for a redress of grievances," the Senate recognizes that responding to petitions for assistance is an appropriate exercise of the representative function of each Member; and

Whereas, the Senate Code of Official Conduct should provide guidance for the performance of this constitutional function in a manner consistent with the public trust: Now, therefore, be it

Resolved, That the Standing Rules of the Senate are amended by adding at the end thereof the following new rule:

"RULE XLIII

"REPRESENTATION BY MEMBERS

"1. In responding to petitions for assistance, a Member of the Senate, acting directly or through employees, has the right to assist petitioners before executive and independent government officials and agencies.

"2. At the request of a petitioner, a Member of the Senate, or a Senate employee, may communicate with an executive or independent government official or agency on any matter to—

"(a) request information or a status report;

"(b) urge prompt consideration;

"(c) arrange for interviews or appointments;

"(d) express judgments;

"(e) call for reconsideration of an administrative response which the Member believes is not reasonably supported by statutes, regulations or considerations of equity or public policy; or

"(f) perform any other service of a similar nature consistent with the provisions of this rule.

"3. The decision to provide assistance to petitioners may not be made on the basis of contributions or services, or promises of contributions or services, to the Member's political campaigns or to other organizations in which the Member has a political, personal, or financial interest.

"4. A Member shall make a reasonable effort to assure that representations made in the Member's name by any Senate employee are accurate and conform to the Member's instructions and to this rule.

"5. Nothing in this rule shall be construed to limit the authority of Members, and Senate employees, to perform legislative, including committee, responsibilities."

SEC. 2. Senate rule XLIII shall be deemed to be part of the Senate Code of Official Conduct for purposes of Senate Resolution 110, Ninety-fifth Congress, and all other resolutions pertaining to the jurisdiction of the Select Committee on Ethics.

EMANCIPATION OF THE BAHA'I COMMUNITY OF IRAN

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar 532, House Concurrent Resolution 156, a concurrent resolution concerning the emancipation of the Baha'i community of Iran; that the motion to reconsider be laid upon the table, and any statements regarding adoption of this item be placed in the RECORD at the appropriate place.

The PRESIDING OFFICER. The concurrent resolution will be stated by title.

The bill clerk read as follows:

A concurrent resolution (H. Con. Res. 156) concerning the emancipation of the Baha'i community of Iran.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (H. Con. Res. 156) was agreed to.

The preamble was agreed to.

FOOD SERVICES IN MISSISSIPPI

Mr. SIMPSON. Mr. President, I ask unanimous consent that the Agriculture Committee be discharged from further consideration of S. 2917 regarding food services in Mississippi, and ask for its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The bill clerk read as follows:

A bill (S. 2917) to amend the National School Lunch Act to authorize the Secretary of Agriculture to provide financial and other assistance to the University of Mississippi, in cooperation with the University of Southern Mississippi, to establish and maintain a food service management institute, and for other purposes.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed as follows:

S. 2917

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FOOD SERVICE MANAGEMENT INSTITUTE.

Section 21(a)(2) of the National School Lunch Act (42 U.S.C. 1769b-1(a)(2)) is amended by inserting after "is authorized" the following: "to provide financial and other assistance to the University of Mississippi, in cooperation with the University of Southern Mississippi,".

Mr. SIMPSON. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

DESIGNATING THE ZORA THOMAS POST OFFICE BUILDING

DESIGNATING THE ARTHUR HOLLAND POST OFFICE BUILDING

Mr. FORD. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be discharged, en bloc, from further consideration of H.R. 158, designating the Zora Thomas Post Office Building in Hiddenite, NC; and H.R. 4505, designating the Arthur Holland Post Office Building in Trenton, NJ; and that the Senate then proceed, en bloc, to their immediate consideration, that the bills be deemed read the third time, passed, and the motion to reconsider laid upon the table, en bloc; I further ask unanimous consent that Calendar Nos. 523 and 524, Senate companion measures, be indefinitely postponed.

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

So the bills (H.R. 158 and H.R. 4505) were deemed read the third time, and passed.

JOHN WILLIAMS POST OFFICE BUILDING

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 525, S. 2834, a bill to designate the John Williams Post Office Building in Millsboro, DE; that the bill be deemed read three times, passed and the motion to reconsider laid upon the table; that any statements appear in the RECORD at the appropriate place.

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

So the bill (S. 2834) was deemed read three times and passed, as follows:

S. 2834

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF UNITED STATES POST OFFICE BUILDING LOCATED AT 100 MAIN STREET, MILLSBORO, DELAWARE.

The United States Post Office Building located at 100 Main Street, Millsboro, Delaware is designated as the "John J. Williams Post Office Building". Any reference to such building in any law, rule, map, document, record, or other paper of the United States shall be considered to be a reference to the "John J. Williams Post Office Building".

TRIBUTE TO JOHN J. WILLIAMS

Mr. ROTH. Mr. President, I am pleased that the Senate is proceeding with S. 2834, legislation to pay tribute to a former colleague of ours, Senator John J. Williams. John Williams served the State of Delaware for 24 years in the U.S. Senate. He is best remembered, and deservedly so, for his absolute integrity and dedication as a public servant.

This bill establishes a lasting tribute to this great public servant, in the town where he was raised, where he lived, and where he retired after leaving the Senate in 1970. This legislation designates the new U.S. Post Office building located at 100 Main Street, Millsboro, DE, as the "John J. Williams Post Office Building".

During his 24 year career in the Senate, John Williams established a national reputation for honesty and integrity. This was a central part of his character. The titles others used to describe him aptly reflected this core belief: "Watchdog of the Nation", the "Conscience of the Senate", "Mr. Integrity", and "Honest John".

When John Williams died in January 1988 we all mourned his passing. He never sought glory or gain for himself in the service of his country. He made the people of Delaware, and especially the citizens of Millsboro, very proud. This legislation is a small tribute to an individual who served our Nation and his State so well. I thank my colleagues for their attention to this matter and urge adoption of the legislation.

PROVIDING FOR THE PRINTING OF THE BOOK ENTITLED "YEAR OF THE AMERICAN INDIAN, 1992: CONGRESSIONAL RECOGNITION AND APPRECIATION" AS A HOUSE DOCUMENT

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of House Concurrent Resolution 328, allowing the printing of a book entitled "Year of the American Indian," just received from the House, that the resolution be adopted and the motion to reconsider be laid upon the table and that any statements on this item appear at the appropriate place in the RECORD.

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

So the resolution (H. Con. Res. 328) was agreed to.

AUTHORIZING THE TRANSFER OF CERTAIN NAVAL VESSELS TO GREECE AND TAIWAN

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 530, H.R. 5412, a bill to authorize the transfer of certain naval vessels to Greece and Taiwan; that the bill be deemed read three times, passed, and the motion to reconsider laid upon the table; further that statements relating to this measure be placed in the RECORD at the appropriate place.

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

So the bill (H.R. 5412) was deemed read three times and passed.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations:

Calendar 675, Shirley Gray Adamovich, to be a member of the National Commission on Libraries and Information Science;

Calendar 676, Hugh Hardy, to be a member of the National Council on the Arts;

Calendar 677, Paul A. Cantor, to be a member of the National Council on the Humanities;

Calendar 678, Joseph H. Hagan, to be a member of the National Council on the Humanities;

Calendar 679, Theodore S. Hamerow, to be a member of the National Council on the Humanities;

Calendar 680, Alicia Juarrero, to be a member of the National Council on the Humanities;

Calendar 681, Alan C. Kors, to be a member of the National Council on the Humanities;

Calendar 682, Condoleezza Rice, to be a member of the National Council on the Humanities;

Calendar 683, John R. Searle, to be a member of the National Council on the Humanities;

Calendar 684, Bruce Cole, to be a member of the National Council on the Humanities;

Calendar 688, Richard N. Zare, to be a member of the National Science Board;

Calendar 689, F. Albert Cotton, to be a member of the National Science Board;

Calendar 690, Charles E. Hess, to be a member of the National Science Board;

Calendar 691, John Hopcroft, to be a member of the National Science Board;

Calendar 692, James L. Powell, to be a member of the National Science Board;

Calendar 693, Frank H. T. Rhodes, to be a member of the National Science Board;

Calendar 694, Richard N. Zare, to be a member of the National Science Board;

Calendar 696, Joyce A. Doyle, to be a member of the Federal Mine Safety and Health Review Commission;

Calendar 697, Max M. Kampelman, to be a member of the Board of Directors of the U.S. Institute of Peace;

Calendar 698, Christopher H. Phillips, to be a member of the Board of Directors of the U.S. Institute of Peace;

Calendar 703, Officers named for appointment in the U.S. Air Force to the grade of brigadier general;

Calendar 704, Maj. Gen. Walter Kross, to be lieutenant general;

Calendar 705, Maj. Gen. William W. Crouch, to be lieutenant general;

Calendar 706, Maj. Gen. Jerry R. Rutherford, to be lieutenant general;

Calendar 707, Lt. Gen. David M. Maddox, to be general;

Calendar 708, Gen. Crosbie E. Saint, to be general;

Calendar 709, Maj. Gen. Samuel E. Ebbesen, to be lieutenant general;

Calendar 710, Lt. Gen. William S. Carpenter, Jr., to be lieutenant general;

Calendar 711, Lt. Gen. John J. Yeosock, to be lieutenant general;

Calendar 712, Maj. Gen. James R. Ellis, to be lieutenant general;

Calendar 713, Lt. Gen. Henry C. Stackpole III, to be lieutenant general;

Calendar 714, Maj. Gen. Norman E. Ehlert, to be lieutenant general;

Calendar 715, Vice Adm. Stanley R. Arthur, to be admiral;

Calendar 716, Vice Adm. Henry H. Mauz, Jr., to be admiral;

Calendar 717, Rear Adm. Edward M. Straw, to be vice admiral;

Calendar 718, Rear Adm. Timothy W. Wright, to be vice admiral;

Calendar 719, Lt. Gen. Robert J. Winglas, to be lieutenant general;

Calendar 720, Vice Adm. William A. Owens, to be vice admiral;

Calendar 721, Rear Adm. Thomas J. Lopex, to be vice admiral;

Calendar 722, Vice Adm. James G. Reynolds, to be vice admiral;

Calendar 723, Rear Adm. (LH) Norman W. Ray, to be vice admiral;

Calendar 724, Adm. Leon A. Edney, to be admiral;

Calendar 725, Adm. Paul D. Miller, to be admiral;

Calendar 726, Adm. Jonathan T. Howe, to be admiral; and

Calendar 727, Ritajean H. Butterworth, to be a member of the Board of Directors of the Corporation for Public Broadcasting.

Nominations placed on the Secretary's Desk in the Air Force, Army, Marine Corps, Navy, and Public Health Service, and

Nominations filed today by the Foreign Relations Committee with the exception of Richard H. Solomon.

I further ask unanimous consent that the Senate proceed to immediate consideration, and that the nominees be confirmed, en bloc, that any statements appear in the RECORD as if read, that the motions to reconsider be laid upon the table, en bloc, and that the President be immediately notified of the Senate's action.

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

The nominations considered and confirmed en bloc are as follows:

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Shirley Gray Adamovich, of New Hampshire, to be a Member of the National Commission on Libraries and Information Science.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Hugh Hardy, of New York, to be a Member of the National Council on the Arts.

Paul A. Cantor, of Virginia, to be a Member of the National Council on the Humanities.

Joseph H. Hagan, of Massachusetts, to be a Member of the National Council on the Humanities.

Theodore S. Hamerow, of Wisconsin, to be a Member of the National Council on the Humanities.

Alicia Juarrero, of Maryland, to be a Member of the National Council on the Humanities.

Alan Charles Kors, of Pennsylvania, to be a Member of the National Council on the Humanities.

Condoleezza Rice, of California, to be a Member of the National Council on the Humanities.

John R. Searle, of California, to be a Member of the National Council on the Humanities.

Bruce Cole, of Indiana, to be a Member of the National Council on the Humanities.

NATIONAL SCIENCE FOUNDATION

Richard Neil Zare, of California, to be a Member of the National Science Board, National Science Foundation.

F. Albert Cotton, of Texas, to be a Member of the National Science Board, National Science Foundation.

Charles Edward Hess, of California, to be a Member of the National Science Board, National Science Foundation.

John Hopcroft, of New York, to be a Member of the National Science Board, National Science Foundation.

James L. Powell, of Pennsylvania, to be a Member of the National Science Board, National Science Foundation.

Frank H.T. Rhodes, of New York, to be a Member of the National Science Board, National Science Foundation.

Richard Neil Zare, of California, to be a Member of the National Science Board, National Science Foundation.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

Joyce A. Doyle, of New York, to be a Member of the Federal Mine Safety and Health Review Commission.

UNITED STATES INSTITUTE OF PEACE

Max M. Kampelman, of the District of Columbia; to be a Member of the Board of directors of the United States Institute of Peace.

Christopher H. Phillips, of the District of Columbia, to be a Member of the Board of Directors of the United States Institute of Peace.

IN THE AIR FORCE

The following named officers for appointment in the United States Air Force to the grade of brigadier general under the provisions of title 10, United States Code, section 624:

To be brigadier general

Col. Thomas R. Mikolajcik [redacted] Regular Air Force.

Col. George W. Norwood, [redacted] Regular Air Force.

Col. Richard R. Paul, [redacted] Regular Air Force.

Col. Donald L. Peterson, [redacted] Regular Air Force.

Col. Richard H. Roellig, [redacted] Regular Air Force.

Col. David A. Sawyer, [redacted] Regular Air Force.

Col. Ervin C. Sharpe, Jr., [redacted] Regular Air Force.

Col. Thomas A. Twomey, [redacted] Regular Air Force.

Col. David L. Vesely, [redacted] Regular Air Force.

Col. John L. Welde, [redacted] Regular Air Force.

Col. John R. Wormington, [redacted] Regular Air Force.

The following named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Walter Kross, [redacted] United States Air Force.

IN THE ARMY

The following named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. William W. Crouch, [redacted] United States Army.

The following named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. Jerry R. Rutherford [redacted] United States Army.

The following named officer for appointment to the grade of general while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be general

Lt. Gen. David M. Maddox [redacted] United States Army.

The following named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370;

To be general

Gen. Crosbie E. Saint, [redacted] United States Army.

The following named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. Samuel E. Ebbesen, [redacted] United States Army.

The following named officer to be place on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. William S. Carpenter, Jr. [redacted], United States Army.

The following named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. John L. Yeosock [redacted] United States Army.

The following named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. James R. Ellis, [redacted] United States Army.

IN THE MARINE CORPS

The following named officer, under the provisions of title 10, United States code, section 601, for reassignment to a position of importance and responsibility as follows:

To be lieutenant general

Lt. Gen. Henry C. Stackpole III [redacted] USMC.

The following named officer, under the provisions of title 10, United States Code, section 601, for assignment to a position of importance and responsibility as follows:

To be lieutenant general

Maj. Gen. Norman E. Ehlert xxx-xx-xxxx USMC.

IN THE NAVY

The following named officer for appointment to the grade of admiral while assigned to a position of importance and responsibility under title 10, United States Code, sections 601 and 5035:

To be Vice Chief of Naval Operations

To be admiral

Vice Adm. Stanley R. Arthur, U.S. Navy, xxx-xx-xxxx.

The following named officer for appointment to the grade of admiral while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be admiral

Vice Adm. Henry H. Mauz, Jr., U.S. Navy, xxx-xx-xxxx.

The following named officer for appointment to the grade of vice admiral while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Edward M. Straw, Supply Corps, U.S. Navy xxx-xx-xxxx.

The following named officer for appointment to the grade of vice admiral while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Timothy W. Wright, U.S. Navy, xxx-xx-xxxx.

IN THE MARINE CORPS

The following named officer to be placed on the retired list under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. Robert J. Winglass xxx-xx-xxxx USMC.

IN THE NAVY

The following named officer for reapointment to the grade of vice admiral while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be vice admiral

Vice Adm. William A. Owens, xxx-xx-xxxx U.S. Navy.

The following named officer for appointment to the grade of vice admiral while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. (Selectee) Thomas J. Lopez, xxx-xx-xxxx U.S. Navy.

The following named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be vice admiral

Vice Adm. James G. Reynolds, U.S. Navy, xxx-xx-xxxx.

The following officer for appointment to the grade of vice admiral while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. (LH) Norman W. Ray, U.S. Navy, xxx-xx-xxxx.

The following named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be admiral

Adm. Leon A. Edney, U.S. Navy xxx-xx-x... xx...

The following named officer for reappointment to the grade of admiral while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be admiral

Adm. Paul D. Miller, U.S. Navy xxx-xx-xx... xxx...

The following named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be admiral

Adm. Jonathan T. Howe, U.S. Navy xxx-xx-x... xx...

CORPORATION FOR PUBLIC BROADCASTING

Ritajean Hartung Butterworth, of Washington, to be a Member of the Board of Directors of the Corporation for Public Broadcasting for a term expiring March 26, 1997, vice William Lee Hanley, Jr., resigned.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, ARMY, MARINE CORPS, NAVY, PUBLIC HEALTH SERVICE

Air Force nominations beginning Major Milton E. Ames Jr. xxx-xx-xxxx and ending Major Michael A. Reott xxx-xx-xxxx which nominations were received by the Senate and appeared in the Congressional Record of May 13, 1992.

Air Force nominations beginning Major Ronald E. Baker xxx-xx-xxxx and ending Major Leslie D. Dysard xxx-xx-xxxx which nominations were received by the Senate and appeared in the Congressional Record of May 13, 1992.

Air Force nominations beginning Abraham A. Engelberg, and ending Keith R. Gabriel, which nominations were received by the Senate and appeared in the Congressional Record of May 19, 1992.

Air Force nominations beginning Merritt G. Davis, Jr., and ending Shobha Sem, which nominations were received by the Senate and appeared in the Congressional Record of June 2, 1992.

Air Force nomination of Lt. Col. Brian Duffy, which was received by the Senate and appeared in the Congressional Record of June 2, 1992.

Air Force nominations beginning Shirley A. Eubanks, and ending Bernard J. Strouth, which nominations were received by the Senate and appeared in the Congressional Record of June 2, 1992.

Air Force nominations beginning Ray C. Adams, and ending Bruce L. Upton, which nominations were received by the Senate and appeared in the Congressional Record of June 2, 1992.

Air Force nominations beginning Lyle E. Allen, and ending Carol M. Thomas, which nominations were received by the Senate and appeared in the Congressional Record of June 11, 1992.

Air Force nominations beginning Major Terry N. Allen xxx-xx-xxxx and ending Major Michael R. Harris xxx-xx-xxxx which nominations were received by the Senate and appeared in the Congressional Record of June 11, 1992.

Army nominations beginning Thurman C. Atkinson, Jr., and ending Philip W. Nuss, which nominations were received by the Senate on January 22, 1992, and appeared in the Congressional Record of January 24, 1992.

Army nominations beginning Hector L. Acevedo, and ending Lewis F. Zerfoss, which nominations were received by the Senate and appeared in the Congressional Record of January 22, 1992.

Army nominations beginning Brian W. Adams, and ending Donald E. Wirth, which nominations were received by the Senate and appeared in the Congressional Record of March 18, 1992.

Army nominations beginning Francisco B. Iriarte, and ending * Daniel L. Hossbach, which nominations were received by the Senate and appeared in the Congressional Record of April 28, 1992.

Army nominations beginning Mary T. Deardorff, and ending Robert W. Pipkin, which nominations were received by the Senate and appeared in the Congressional Record of May 19, 1992.

Army nominations beginning Robert C. Hughes, Jr., and ending Larry F. Wilson, which nominations were received by the Senate and appeared in the Congressional Record of May 19, 1992.

Army nomination of Gary V. Casida, which was received by the Senate and appeared in the Congressional Record of June 4, 1992.

Army nominations beginning James T. Carper, and ending Keith W. Weaver, which nominations were received by the Senate and appeared in the Congressional Record of June 11, 1992.

DEPARTMENT OF STATE

William Clark, Jr., of the District of Columbia, a career member of the Senior Foreign Service, class of Career Minister, to be an Assistant Secretary of State.

Robert L. Barry, of New Hampshire, a career member of the Senior Foreign Service, class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Indonesia.

David C. Fields, of California, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Marshall Islands.

Princeton Nathan Lyman, of Maryland, a career member of the Senior Foreign Service, class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of South Africa.

Joseph Charles Wilson IV, of California, a career member of the Senior Foreign Service, class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Gabonese Republic, and to serve concurrently without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Republic of Sao Tome and Principe.

Joseph Monroe Segars, of Pennsylvania, a career member of the Senior Foreign Service, class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Cape Verde.

Robert L. Gallucci, of Virginia, to be an Assistant Secretary of State.

Kenneth L. Brown, of California, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ghana.

Frank G. Wisner, of the District of Columbia, a career member of the Senior Foreign Service, class of Career Minister, to be Under Secretary of State for Coordinating Security Assistance Programs.

Charles B. Salmon, Jr., of New York, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Lao People's Democratic Republic.

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

Alison Podell Rosenberg, of Virginia, to be an Assistant Administration of the Agency for International Development, vice Scott M. Spangler.

STATEMENT ON THE NOMINATIONS TO THE NATIONAL COUNCIL ON THE HUMANITIES

Mr. SIMPSON. Mr. President, let me just say very swiftly on calendar items 677 to 684, with regard to the membership of the National Council on the Humanities, these eight nominees deserve special attention. I thank the leader and all concerned with regard to the designation of Paul A. Cantor, Joseph H. Hagan, Theodore S. Hamerow, Alicia Juarrero, Alan C. Kors, Condoleezza Rice, John R. Searle, and Bruce Cole.

I know that Mrs. Cheney is very pleased with that too.

STATEMENT ON THE NOMINATION OF RITAJEAN BUTTERWORTH

Mr. GORTON. Mr. President, it is with enormous pleasure and satisfaction that I lend my strongest support to the nomination of Ritajean Hartung Butterworth to the Board of the Corporation for Public Broadcasting. I take pleasure in this nomination because Ritajean has been a close personal friend for over 30 years. And I take satisfaction in knowing that the President has nominated someone who is uniquely qualified by her previous experience with public broadcasting to make a tremendous, positive contribution to the board.

Ritajean is well-known and respected by many people who are involved in public broadcasting as she has been active both with National Public Radio and our Seattle public television station for many years. She served on the board of directors of National Public Radio from 1977 to 1985 and from 1989 to the present time served on the advisory board to KCTS–TV9 in Seattle. While committing much time to furthering public broadcasting, she has also been an active member of many community and political organizations, all, while with her husband, Fred, raising five sons.

Ritajean has been a friend, a confidant, an advisor, and an inspiration throughout the years that I have known her. I was fortunate that she served as my State director during my first term in office, and again during the first year of my second term. Her steady hand, her knowledge, and her sense of humor have never failed and she is respected and admired by all those who have known her. The President has truly chosen an outstanding person in this nominee.

STATEMENT ON THE NOMINATION OF JOSEPH C. WILSON

Mr. DURENBERGER. Mr. President, I rise in strong support of the nomination of Joe Wilson, to be the new United States Ambassador to Gabon as well as the Democratic Republic of Sao Tome and Principe. Joe is a superb individual and a dedicated public servant. I have every confidence that Joe will represent our country with distinction and honor in his new post.

Joe Wilson and I first met in Baghdad in August 1989, when I visited Iraq. I was impressed from the outset with his knowledge of Iraq and its people as well as the Middle East region. Although his expertise and past experience is principally in Africa, Joe demonstrated just how valuable his service is to this country. He learned quickly and adapted smoothly to this new and challenging assignment.

Mr. President, as many of our colleagues will recall, Joe was our Deputy Chief of Mission and Chargé d'Affaires in Baghdad, up until the time our diplomats left Iraq prior to the gulf war. In the absence of Ambassador Gillespie, Joe led the Embassy staff through an exceptionally difficult and trying time, and he did so with great distinction and honor.

Joe has told me of his thoughts and emotions during that most challenging period, how it was to lower the American flag for the last time in Baghdad, back in early January 1991. He inspires confidence and loyalty among those with whom he serves, and I am delighted that President Bush has seen fit to continue making full use of Joe's considerable talents.

Joe is married to a lovely lady, Jacqueline, and they have two charming children, Joseph and Sabrina. I am sure that they are proud of Joe's accomplishments.

Mr. President, Joe Wilson has a long and distinguished career in the diplomatic service of this country. He is an accomplished and dedicated public servant, and I enthusiastically urge my colleagues to support his nomination to be the new United States Ambassador to Gabon.

Mr. President, I yield the floor.

STATEMENT ON THE NOMINATION OF REAR ADM. THOMAS JOSEPH LOPEZ

Mr. BYRD. Mr. President, I am pleased that the President has nominated Rear Adm. Thomas Joseph Lopez for the rank of vice admiral of the U.S. Navy and assignment as commander of the 6th Fleet and commander of Strike Force South, Allied Forces South. In this new responsibility as commander of the 6th Fleet, he will be the operations commander of over 30 ships, 100 aircraft, and 20,000 naval and Marine Corps personnel.

Admiral Lopez is a native of Powellton, WV, and a graduate of the U.S. Naval Postgraduate School, where he received a bachelor of arts degree (cum laude) in international relations and a master of science in personnel management. In 1989, the West Virginia Institute of Technology conferred upon him the honorary degree of doctor of humanities. He has received many honors from his home State of West Virginia, including the award of Distinguished West Virginian in 1984 and Outstanding West Virginian by Salem College, as well as 1989 West Virginia Man of the Year, an award presented by the West Virginia Italian Heritage Festival.

Admiral Lopez began his military career in the U.S. Navy in September 1959, and was commissioned as ensign in the Regular Navy in December 1964. After commissioning, Rear Admiral Lopez was assigned to the U.S.S. *Eugene A. Greene* (DD–711). After serving in the Mediterranean and in the Gulf of Tonkin off Vietnam, he became weapons department head on board the U.S.S. *Wallace L. Lind* (DD–703) in Vietnam. Rear Admiral Lopez then became commanding officer of River Division 153 in Vietnam, commanding a joint U.S. and Vietnamese naval assault into Cambodia in May 1970.

Rear Admiral Lopez began a 2-year tour as flag secretary for the commander, Cruiser Destroyer Group 8 in 1974 and became operations scheduler. In 1977, he was reassigned as executive officer of U.S.S. *Truett* (FF–1095). He assumed command of U.S.S. *Stump* (DD–978) in September 1982. He was assigned in November 1984, as special assistant for flag officer matters to the Chief of Naval Personnel and subsequently commanded Destroyer Squadron 32 from February 1987 through March 1988. He then served as executive assistant to the Chief of Naval Personnel/Deputy Chief of Naval Operations until August 1988, when he was assigned as the executive assistant to the Vice Chief of Naval Operations. He then became Deputy Director for Current Operations in the Office of the Joint Chiefs of Staff. In August 1990, he assumed duties as senior military assistant to the Secretary of Defense.

Admiral Lopez holds many military decorations, including three Legions of Merit; the Bronze Star (with combat "V"); two meritorious service medals; two Navy Commendation Medals (with combat "V"); Navy Achievement Medal (with combat "V"); Combat Action Ribbon; and Presidential Unit Citation, among many others.

Mr. President, it has been my experience that all members of the armed services, and especially those reaching the high rank of vice admiral, must spend considerable time away from their families in the pursuit of their military duties. This requires no small sacrifice on the part of those family members, and in this regard, Admiral Lopez's wife, Vivian, a native of Longacre, WV, and their son, Tom, and daughter, Dominique, are also to be commended.

Mr. President, I am pleased to cast my vote for the confirmation of Rear Adm. Thomas Joseph Lopez as vice admiral, and commander of the 6th Fleet and commander of Strike Force South, Allied Forces South, and I urge my colleagues to support this nomination.

NAVY AND MARINE CORPS NOMINATIONS AND THE TAILHOOK MATTER

Mr. NUNN. Mr. President, on July 1, 1992, the Committee on Armed Services reported out 1,126 nominations in the Navy and the Marine Corps for consideration by the Senate. I know that many Senators will be interested in the relationship of these nominations to the Tailhook investigation.

At the onset, I would like to make a number of points about the Tailhook matter.

First, according to materials released by the Navy, at least 26 women—many of them Naval officers—allegedly were subjected to varying degrees of sexual assault at the September 1991 Tailhook Symposium. Sexual harassment in any form is unacceptable. In the Tailhook matter, the allegations are particularly egregious, because they indicate degrading and offensive criminal assaults by naval officers against their fellow officers, as well as civilians. This kind of behavior is not tolerable now, nor would it have been tolerable 50 years ago; nor would it be tolerable under any circumstance.

Second, the investigations conducted by the Navy raised additional problems, particularly in light of the report of the naval inspector general that: "Closing ranks and obfuscation were the predominant responses" to Navy investigators. Members of the Armed Forces under investigation may assert the privilege against self-incrimination, and they are protected against unlawful command influence. But they do not have the right to refuse to be photographed, to shield their subordinates from lawful inquiry or investigation, or to lie to or mislead investigators. The allegations, which the Navy has released, concerning interference and failure to cooperate with the investigation, are serious charges.

Third, the Tailhook allegations and the reports of problems surrounding the investigations appear to involve a large number of naval officers. The difficulties surrounding the investigation present unusual circumstances in terms of assessing accountability and responsibility for those who allegedly participated in the Tailhook incident and those who allegedly interfered with or failed to cooperate with the investigations. This is a matter of direct concern to the Armed Services Committee, because we have the solemn responsibility to the Senate to make recommendations on the fitness of military officers nominated for promotion. As of July 1, we had over 4,500 Navy and Marine Corps nominations pending before the committee. We will certainly receive additional nominations before this session concludes.

Fourth, we now have a situation in which the investigators are investigating not only the incident but the ensuring investigations. On June 18, 1992, the Secretary of the Navy asked the DOD inspector general to undertake an investigation of both the Tailhook matter and the Navy's investigations because of circumstances which, in the Secretary's words, "have eroded seriously the Department of the Navy's credibility to investigate the Tailhook matter further." This means that the inspector general will be reviewing the alleged misconduct at Tailhook, alleged misconduct during the ensuing investigations, and the adequacy of investigations undertaken by the Naval Investigative Service and the naval inspector general. As I have noted during our committee proceedings, it is not the intent of the committee to add another level of investigation to the multiple layers of investigation that are now underway in the Department.

Fifth, in addition to avoiding duplication, we must also avoid any action that could interfere with ongoing investigations and any subsequent disciplinary proceedings. The acts alleged to have taken place at Tailhook involve serious offenses. Indecent assault, for example, is punishable in the military justice system by a dishonorable discharge and confinement at hard labor for up to 5 years. We can obtain the information necessary for the confirmation process without conducting a separate investigation. For years, the committee has had a standard requirement that DOD advise us of any adverse information concerning all flag and general officer nominees. We require that this information be provided prior to the committee's consideration of a nomination. In the past, we have worked closely with the Department of Defense to develop the information necessary to review promotion actions in a manner consistent with the Department's investigative requirements, and we should continue to do so in this case.

Sixth, while we want to make sure that we carefully review pending nominations in light of information developed in the Tailhook investigations, we also want to make sure that there is no undue delay in processing the promotions of those who were not involved in Tailhook or its aftermath. We know that promotions mean more than a pay increase. New assignments, family moves, changes of command, and other important functions are closely tied to the promotion process. We must follow a procedure that ensures minimal disruption to the plans and expectations of the thousands of dedicated Navy and Marine Corps officers who have been nominated for promotion, and who have had no involvement with either the Tailhook incident or the investigations. Let us not forget or overlook their honorable service, their dedication, and their sacrifices for our country.

This is not the first time that the committee has been faced with a serious problem in which we have withheld action on a signficant number of promotions until the Department provided sufficient information for the committee to act. As recently as the last Congress, for example, we found that the Air Force had failed to issue rules necessary to protect the integrity of the selection board process. We withheld action on the recommendations of all Air Force selection boards for over 6 months until the problems were resolved. In addition, we initiated substantial legislative changes to ensure that the promotion process operates in a fair and impartial manner.

We are proceeding in the same careful manner with respect to pending Navy and Marine Corps nominations. On May 28, Senator WARNER and I wrote to Secretary Cheney, noting:

> It is imperative that the Committee, in reviewing nominees from the Navy and Marine Corps, have timely and complete information on the status of any pending nominees with respect to the Tailhook matter.

We asked the Secretary to provide us with the following information on each Navy and Marine Corps nominee:

> (1) Whether the nominee has been questioned concerning involvement in the Tailhook incident or in any cover-up, failure to cooperate, or interference with the Tailhook investigation;
>
> (2) The results of such inquiries; or, if the nominee has not been so questioned, the reasons for not making such inquiries;
>
> (3) Whether the nominee is or is likely to be the subject of any further inquiry concerning the Tailhook incident or the Tailhook investigation; and
>
> (4) Whether there is any adverse information pertaining to the nominee with respect to the Tailhook incident or Tailhook investigation (and, if so, the nature of the information).

We have made it clear that the committee will not consider a nominee from the Navy or Marine Corps until DOD has answered the four questions with respect to that nominee.

On June 16, the Department of Defense provided answers to these questions on 13 flag and general officers and 45 academy graduates. On June 22, the Department provided information on two additional flag officers. The committee met in executive session on June 25, and decided that the committee should receive testimony from the Department of Defense in open session on the procedures used to respond to the committee's questions. We asked Christopher Jehn, who as Assistant Secretary of Defense, Force Management and Personnel, is responsible for providing information to the committee on nominees, to include the following in his testimony:

First, a description of the types of investigations conducted by the Department of Defense to date.

Second, a discussion of the procedures used by the Department of Defense to review that material in terms of responding to the questions posed by the committee on May 28, 1992.

Third, a description of the manner in which information obtained by the Inspector General of the Department of Defense will be considered during such review.

And finally—but of great importance to the individuals unconnected with Tailhook who are awaiting promotion—the anticipated schedule for providing the committee with information on all Navy and Marine Corps nominations pending before the committee.

Mr. Jehn testified before the committee on June 26. I ask unanimous consent that his testimony be included in the RECORD after my statement. At the hearing, we emphasized that DOD should not deviate from its standard procedures for careful review before certifying the answers with respect to any nominees. At the same time, Members expressed concern about the fact that the Department had provided answers to the committee's questions on only a small portion of the pending nominees below the flag and general officer rank—45 out of more than 4,500. Assistant Secretary Jehn promised to give full attention to processing officers below the general and flag officer grade, but assured us that: "We will not, however, sacrifice thoroughness and accuracy for speed."

By July 1, the committee had received answers to the committee's questions on more than a thousand nominees below the flag and general officer rank. On July 1, Mr. Robert Silberman, the Acting Assistant Secretary of Defense for Force Management and Personnel, testified that the Department's responses were based upon a review of the investigatory files, as well as questions provided to the nominees. He assured us that the information was based upon an independent judgment by the Office of the Secretary of Defense—including coordination with the DOD inspector general—and not simply self-certification by the nominees. He further assured us that the Department applied the same standards that would be applied in developing the normal adverse action letters provided to the committee.

The committee held a second meeting on July 1 to consider pending Navy and Marine Corps nominations. The committee agreed to report out 14 Navy and Marine Corps flag and general officers, and 1,112 more junior Navy and Marine Corps officers. With respect to each of these nominees, the Department of Defense advised the committee that the nominee did not attend Tailhook, did not directly supervise individuals in the Tailhook matter, and was not likely to be the subject of any further inquiry concerning the Tailhook incident or the Tailhook investigations.

At the present time, more than 3,000 Navy and Marine Corps nominations remain pending in the committee, awaiting DOD responses to the committee's questions.

When the committee decided on July 1 to report 1126 Navy and Marine Corps nominations, and to not approve any that had not been certified by DOD, the committee was required—in accordance with the practice of the Senate—to line out any names on the relevant nomination lists that had not been certified by DOD. At our hearing on July 1, Mr. Silberman made the following comment about the DOD certification list, which is very important in putting our action in perspective: "Given the unique circumstances, I want to emphasize that an individual's name not being on the [DOD] list should not lead anyone to conclude that the individual is implicated in the Tailhook incident or related matters." The same would hold true for any list that we approve. The fact that an individual is not on a list we have reported to the Senate should not lead anyone to conclude that the individual is implicated in the Tailhook incident or related matters.

In closing, I take note of the resignation of Navy Secretary H. Lawrence Garrett III on June 26. In his letter of resignation, Secretary Garrett stated: "I accept full responsibility for the post-Tailhook management of my department [and] for the leadership failure which allowed the egregious conduct at Tailhook to occur in the first instance." As I noted in a statement on the evening of his resignation: "Secretary Garrett's resignation, based on his assumption of responsibility for the investigative and leadership problems relating to the Tailhook tragedy, is an act of leadership and courage in keeping with the high ideas of Navy tradition. Secretary Garrett has served the Navy, the Department of Defense, and our Nation with distinction, and I wish him well in his future career."

Secretary Garrett's resignation sets an appropriate example, but does not excuse the failures of those who did not live up to the standards of the Navy either at Tailhook or during the ensuing investigation. The Committee on Armed Services will continue to monitor this situation closely both to ensure that there is a thorough investigation of the Tailhook matter and to fulfill our obligation to the Senate with respect to review of nominees in the Navy and Marine Corps in light of the Tailhook matter.

In addition, we will have a hearing before the full committee to receive testimony from each of the military services on the programs they are undertaking to eradicate sexual harassment and mistreatment of women in the Armed Forces.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Assistant Secretary of Defense Christopher Jehn.

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

STATEMENT OF HON. CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL

Mr. Chairman, Members of the Committee: Thank you for the opportunity to appear here this morning and discuss matters related to the Tailhook incident and subsequent investigations. On July 12, 1991, Secretary Cheney issued a strong policy statement on sexual harassment clearly demonstrating our intolerance for such behavior. Sexual harassment is, simply, wrong and its costs are high in the suffering of victims, in reduced mission effectiveness, and in wasted resources. We are totally committed to providing an environment free of sexual harassment across the Department of Defense.

As you know, on June 18 the Secretary of the Navy, the Honorable H. Lawrence Garrett, III, requested that the Department of Defense Inspector General review the Department of the Navy's investigative efforts and conduct such additional investigation as may be necessary to ensure a thorough review of the Tailhook matter. Deputy Secretary Donald J. Atwood has directed that the Department of Defense Inspector General receive the full cooperation of the uniformed members and civilian employees at all levels in the Department of the Navy, and that the Inspector General be provided unrestricted and unfettered access to any records, files, tapes and other data he considers relevant to the Tailhook incident.

I would like to address the points raised by the Committee in your letter to me of June 24.

1. A description of the investigatory material compiled by the Department of Defense to date.

The Department of the Navy delivered to the DoD Inspector General the following material: 1) The Naval Investigative Service Report of Investigation, comprising approximately 2750 pages of interviews and investigative summaries into the allegations of criminal misconduct stemming from Tailhook '91—additional material consisting of agents' interview notes and action/lead sheets are available at the field level; 2) an alphabetized listing compiled by NIS of witness interviews and a synopsis of that testimony; 3) the Naval Inspector General's files compiled in reference to Tailhook '91, including the Navy IG Report of Investigation; additional interviews; historical information on the Tailhook Association; applicable directives on sexual harassment, standards of conduct, alcohol abuse, and use of government aircraft; and investigatory files on violation of those directives. This is the total investigatory material compiled by the Department of Defense to date.

2. The procedures used by the Department of Defense to review that material in terms of responding to the questions posed by the Committee on May 28, 1992.

Upon receipt of the Committee's May 28 letter, the Department of the Navy reviewed the complete Naval Investigative Service and Naval Inspector General investigations. None of the individuals listed in my letters of June 16 and June 22 was named in the investigations as either potential witnesses or suspects. In addition, the Assistant Secretary of the Navy, Ms. Barbara S. Pope, interviewed each of the general and flag officer nominees listed in my letters of June 16

and June 22 regarding any involvement they might have had in the Tailhook incident and the subsequent investigations. Based on those interviews, she certified to me that those individuals did not attend Tailhook '91, that no alleged incidents of sexual harassment or other misconduct at Tailhook '91 were reported to them, that the individuals were not involved in any attempt to negatively affect the investigation, and that no adverse information regarding them has come to light as a result of the Tailhook inquiries and there is no reason to believe that they would be implicated in the future. She further advised that three of the nominees each had one officer on their immediate staff who had attended Tailhook '91. None of the three Tailhook attendees has been implicated in the Tailhook incident or subsequent investigations. No adverse information regarding the attendees was reported to the nominees and there is no basis to infer that these nominees should have taken any action with respect to the officers on their immediate staffs.

I personally reviewed the materials provided by Ms. Pope and, in some cases, interviewed the nominees. In addition, I personally reviewed the list of individuals that the Secretary of the Navy referred to the Naval chain of command for potential disciplinary action based on the Naval Investigative Service or the Naval Inspector General investigations. I confirmed that none of the nominees listed in my June 16 or June 22 letters was contained in the Secretary of the Navy's list.

3. The manner in which information obtained by the Inspector General of the Department of Defense will be considered during such review.

In reviewing the remaining nominations, we intend to determine the answers to three questions regarding each nominee: 1) Was the individual named in the Naval Investigative Service or the Naval Inspector General investigations regarding the Tailhook incident and related matters? 2) Did the individual attend Tailhook '91? 3) Did anyone under the individual's command attend Tailhook '91? If the answers to these questions are all negative (not questioned, did not attend, no one under their command attended), the Department will certify this and recommend confirmation. In those cases where the answer to one or more questions are affirmative, we will examine those cases in detail to determine if we should wait for the results of the Department of Defense Inspector General investigation before proceeding further. The Department will carefully consider all information obtained by the Department of Defense Inspector General. The Department has an established procedure to review potentially adverse material regarding flag and general officer nominees and either advise the Committee that there is no adverse information or, if there is adverse material, provide that information to the Committee. We will use these same, or very similar, procedures for all pending nominations, including field grade officers, to address adverse information obtained by the Department of Defense Inspector General.

4. The anticipated schedule for providing the Committee with information on all Navy and Marine Corps nominations pending before the Committee.

The Department will move as quickly as possible on this matter especially regarding those officers who are on promotion lists and are in no way involved in the Tailhook incident or subsequent investigations. We will not, however, sacrifice thoroughness and accuracy for speed. We will advise the Committee as soon as possible regarding those officers for whom the answers to the three questions described above are negative. The timing of notifications regarding the remaining officers will depend on the actions to be taken by the Department of Defense Inspector General.

TREATY DOCUMENT NO. 102–16—TREATY WITH JAMAICA ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS.

TREATY DOCUMENT NO. 102–18—TREATY WITH ARGENTINA ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS.

TREATY DOCUMENT NO. 102–19—TREATY WITH URUGUAY ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS.

TREATY DOCUMENT NO. 102–21—TREATY WITH SPAIN ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS.

Mr. FORD. I ask unanimous consent that the Senate proceed to consider the following matters:

Executive Calendar 25. Treaty with Jamaica on Mutual Legal Assistance in Criminal Matters;

Executive Calendar 26. Treaty with Argentina on Mutual Legal Assistance in Criminal Matters;

Executive Calendar 27. Treaty with Uruguay on Mutual Legal Assistance in Criminal Matters;

Executive Calendar 28. Treaty with Spain on Mutual Legal Assistance in Criminal Matters;

I further ask unanimous consent that the treaties be considered as having been advanced through the various parliamentary stages up to and including the presentation of the resolutions of ratification, that the provisos recommended by the Committee on Foreign Relations to Executive Calendar 25, 26, 27, and 28 be adopted; that no other amendments, provisos, understandings or reservations be in order; that any statements appear, as if read, in the RECORD, and that the Senate vote, en bloc, on the resolutions of ratification without intervening action or debate with one vote to count as four.

STATEMENT ON MUTUAL LEGAL ASSISTANCE TREATIES WITH ARGENTINA, JAMAICA, SPAIN, AND URUGUAY

Mr. PELL. Mr. President, pending before the Senate are Treaties on Mutual Legal Assistance in Criminal Matters between the United States of America and (1) The Republic of Argentina, signed at Buenos Aires on December 4, 1990 and transmitted by President Bush on October 31, 1991 (Treaty Doc. 102–18); (2) Jamaica, signed at Kingston on July 7, 1989 and transmitted by President Bush on October 25, 1991 (Treaty Doc. 102–16); (3) The Kingdom of Spain, signed at Washington, DC, on November 20, 1990 and transmitted by President Bush on January 22, 1992 (Treaty Doc. 102–21); and (4) The Oriental Republic of Uruguay, signed at Montevideo on May 6, 1991 and transmitted by President Bush on November 13, 1991 (Treaty Doc. 102–19).

The treaties are part of a series of modern mutual legal assistance treaties being negotiated by the United States in order to counter criminal activities more effectively. The administration believes these treaties should be an effective tool to assist in the prosecution of a wide variety of modern criminals, including members of drug cartels, white collar criminals, and terrorists. They are all self-executing.

In recent years, similar bilateral treaties have entered into force with The Bahamas, Canada, Italy, Mexico, the Netherlands, Switzerland, Turkey, and the United Kingdom concerning the Cayman Islands; and others have been concluded and ratified by the United States (but have not yet entered into force) with Belgium, Colombia, Morocco, and Thailand. Two additional treaties concluded and signed with Nigeria and Panama will be considered by the Senate Foreign Relations Committee at a later date. The pending treaties contain many provisions similar to those previously approved by the Senate.

A mutual legal assistance treaty is intended to enable law enforcement to obtain evidence abroad in a form admissible in our courts. The treaties are structured to streamline and make more effective the process of obtaining evidence. They supplement existing international arrangements or exchanges of information, such as Interpol, as well as letters rogatory. Letters rogatory are written requests from a court in one country to a court in another country for assistance in obtaining evidence.

Each treaty provides for a broad range of assistance with respect to investigations and prosecutions in criminal matters, extending to assistance in all related proceedings, whether criminal, civil or administrative. This would include, for example, cooperation in proceedings, which may be civil in nature, to forfeit the proceeds of drug trafficking, restitution to crime victims or the collection of criminal fines. Mutual assistance available under the treaties includes: (1) the taking of testimony or statements of witnesses; (2) the provision of documents, records, and evidence, (3) the execution of requests for searches and seizures; (4) the serving of documents; (5) the provision of assistance in proceedings relating to the forfeiture of the proceeds of crime and restitution to the victims of crime; and (6) the location of persons.

These treaties were ordered favorably reported by the Committee on Foreign Relations on May 7, 1992 by a vote of 19 to 0. Each of the committee's reports contain a detailed analysis of these treaties. Mr. President I recommend that the Senate give its advice and consent to the ratification of these four treaties.

Mr. FORD. I ask for a division vote.

The PRESIDING OFFICER. All those in favor of the resolutions of ratification stand and be counted.

All those opposed to the resolutions of ratification stand and be counted.

Two-thirds of those voting, having voted in the affirmative, the resolutions of ratification are agreed to.

Mr. FORD. Mr. President, I ask unanimous consent that the motions to reconsider the votes be tabled en bloc; that the President be notified of the Senate's actions; and that the Senate return to legislative session.

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

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

MESSAGES FROM THE PRESIDENT

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

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORT ON PREVENTION OF NUCLEAR PROLIFERATION—MESSAGE FROM THE PRESIDENT—PM 258

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Foreign Relations:

To the Congress of the United States:

I have reviewed the activities of the United States Government departments and agencies during calendar year 1991 related to preventing nuclear proliferation, and I am pleased to submit my annual report pursuant to section 601(a) of the Nuclear Non-Proliferation Act of 1978 (Public Law 95-242, 22 U.S.C. 3281(a)).

As the report demonstrates, the United States continued its efforts during 1991 to prevent the spread of nuclear explosives to additional countries, one of my highest priorities. The events of the past year in Iraq and elsewhere underline the importance of these efforts to preserving our national security, by reducing the risk of war and increasing international stability. I am determined to build on the achievements discussed in this report and to work with the Congress toward our common goal: a safer and more secure future for all humankind.

GEORGE BUSH.

THE WHITE HOUSE, *July 2, 1992.*

HEALTH CARE LIABILITY REFORM AND QUALITY OF CARE IMPROVEMENT ACT OF 1992—MESSAGE FROM THE PRESIDENT—PM 259

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on the Judiciary:

To the Congress of the United States:

I am pleased to transmit today for your immediate consideration and enactment the "Health Care Liability Reform and Quality of Care Improvement Act of 1992." Also transmitted is a section-by-section analysis.

This legislative proposal would assist in stemming the rising costs of health care caused by medical professional liability. During recent years, the costs of defensive medical practice and of litigation related to health care disputes have had a substantial impact on the affordability and availability of quality medical care. The bill attacks these very serious problems.

The bill would establish incentives for States to adopt within 3 years quality assurance measures and tort reforms. In addition, the health care reforms would apply to medical care and treatment funded through specific Federal programs pertaining to health care and employee benefits and to claims under the Federal Tort Claims Act. The tort reforms include: (1) a reasonable cap on noneconomic damages; (2) the elimination of joint and several liability for those damages; (3) prohibiting double recoveries by plaintiffs; and (4) permitting health care providers to pay damages for future costs periodically rather than in a lump sum.

Last year I recommended enactment of the "Health Care Liability Reform and Quality of Care Improvement Act of 1991." The enclosed bill includes the core provisions of that bill and expands its scope to ensure that treatment under federally funded health care and Federal employee benefit programs is subject to key reforms regardless of State action. Claims arising from such health care would first be considered through a fair system of nonbinding arbitration, in an effort to resolve the claims without litigation.

I urge the prompt and favorable consideration of this proposal, which would complement the other initiatives the Administration is undertaking regarding malpractice and quality of care.

GEORGE BUSH.

THE WHITE HOUSE, *July 2, 1992.*

VETO MESSAGE ON S. 250, NATIONAL VOTER REGISTRATION ACT—MESSAGE FROM THE PRESIDENT—PM 260

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States; which was ordered to be spread upon the Journal and ordered to be printed as a Senate document:

To the Senate of the United States:

I am returning herewith without my approval S. 250, the "National Voter Registration Act of 1992."

This Administration strongly supports the goal of increasing participation in the electoral process. We have worked with leaders of both parties in an attempt to produce legislation that would accomplish that purpose. S. 250, however, would impose unnecessary, burdensome, expensive, and constitutionally questionable Federal regulation on the States in an area of traditional State authority. It would also expose the election process to an unacceptable risk of fraud and corruption without any reason to believe that it would increase electoral participation to any significant degree.

No justification has been demonstrated for the extensive procedural requirements—and significant related costs—imposed on the States by this bill. The proponents of S. 250 simply have not made the case that requiring the States to make voter registration easier will translate into increased voter participation at the polls. Indeed, a recent study by the Federal Election Commission suggests that registration requirements have no significant effect on participation rates. In addition, to the extent that State registration requirements discriminate against minority groups, the Voting Rights Act already provides an adequate remedy.

S. 250 would exempt from compliance with its requirements any State adopting an election day registration system. This exemption could create a compelling incentive for a State to adopt such a system, under which verification of voter eligibility is difficult. Thus, the bill would increase substantially the risk of voting fraud. It would not, however, provide sufficient authority for Federal law enforcement officials to respond to any resulting increases in election crime and public corruption.

It is critical that the States retain the authority to tailor voter registration procedures to unique local circumstances. S. 250 would prevent the States from doing this by forcing them to implement federally mandated and nationally standardized voter registration procedures. It would also restrict severely their ability to remove from the voter rolls the names of persons who have not voted in several years and who thus can be presumed fairly to have died or moved out of the jurisdic-

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tion. Enactment of S. 250 would deny the States their historic freedom to govern their own electoral processes and would contravene the important principles of federalism on which our country was founded.

S. 250 is constitutionally suspect. Although the Supreme Court has recognized that the Congress has general power to regulate Federal elections to the extent necessary to prevent fraud and preserve the integrity of the electoral process, there has been no suggestion that S. 250 would serve that goal. Nor has there been any showing that the bill is necessary to eliminate discriminatory practices. Accordingly, there is a serious constitutional question whether the Congress has the power to enact this legislation.

I support legislation that would assist the States in implementing appropriate reforms in order to make voter registration easier for the American public. I cannot, however, accept legislation that imposes an unnecessary and costly Federal regime on the States and that is, in addition, an open invitation to fraud and corruption.

For the reasons discussed above, I am returning S. 250 without my approval.

GEORGE BUSH.

THE WHITE HOUSE, *July 2, 1992.*

MESSAGES FROM THE HOUSE

At 11:53 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1623. An act to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the United States involvement in World War II;

H.R. 4398. An act to remove outdated limitations on the acquisition or construction of branch buildings by Federal Reserve banks which are necessary for bank branch expansion if the acquisition or construction is approved by the Board of Governors of the Federal Reserve System; and

H.R. 5126. An act to direct the Secretary of the Treasury to mint coins in commemoration of the 100th anniversary of the beginning of the protection of Civil War battlefields, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 328. A concurrent resolution providing for the printing of the book entitled "Year of the American Indian, 1992: Congressional Recognition and Appreciation", as a House document.

At 4:18 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 324. Joint resolution to commend the NASA Langley Research Center on the celebration of its 75th anniversary on July 17, 1992.

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

H.R. 3654. An act to provide for the minting of commemorative coins to support the 1996 Atlanta Centennial Olympic Games and the programs of the United States Olympic Committee, to reauthorize and reform the United States Mint, and for other purposes; and

H.R. 5487. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1992, and for other purposes.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 343. A concurrent resolution providing for an adjournment of the House from July 2 until July 7, 1992, an adjournment of the House from July 9 until July 21, 1992, and an adjournment of the Senate from July 2 until July 20, 1992.

At 4:30 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5260) to extend the emergency unemployment compensation program, to revise the trigger provisions contained on the extended unemployment compensation program, and for other purposes.

At 6:37 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the concurrent resolution (H. Con. Res. 343), providing for an adjournment of the House from July 2 until July 7, 1992, an adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of the Senate from July 2 or July 3, 1992, until July 20, 1992.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

S. 2780. An act to amend the Food Security Act of 1985 to remove certain easement requirements under the conservation reserve program, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore [Mr. BYRD].

ENROLLED BILL SIGNED

A message from the House of Representatives announced that the Speaker has signed the following enrolled bill:

H.R. 5260. An act to extend the emergency unemployment compensation program, to revise the trigger provisions contained in the extended unemployment compensation program, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore [Mr. BYRD].

MEASURES REFERRED

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

H.R. 1623. An act to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the United States' involvement in World War II; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 3654. An act to provide for the minting of commemorative coins to support the 1996 Atlanta Centennial Olympic Games and the programs of the United States Olympic Committee, to reauthorize and reform the United States Mint, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 5126. An act to direct the Secretary of the Treasury to mint coins in commemoration of the 100th anniversary of the beginning of the protection of Civil War battlefields, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 5343. A bill to make technical amendments to the American Technology Preeminence Act of 1991 and the Fair Packaging and Labeling Act with respect to their treatment of the SI metric system; to the Committee on Commerce.

H.R. 5344. An act to authorize the National Science Foundation to foster and support the development and use of certain computer networks; to the Committee on Labor and Human Resources.

H.R. 5487. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1993, and for other purposes; to the Committee on Appropriations.

MEASURES PLACED ON THE CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 4398. An act to remove outdated limitations on the acquisition or construction of branch buildings by Federal Reserve banks which are necessary for bank branch expansion of the acquisition or construction is approved by the Board of Governors of the Federal Reserve System.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The ACTING PRESIDENT pro tempore (Mr. WELLSTONE) announced that on today, July 2, 1992, he had signed the following enrolled bills and joint resolution previously signed by the Speaker of the House:

S. 1254. An act to increase the authorized acreage limit for the Assateague Island National Seashore on the Maryland mainland, and for other purposes;

S. 1306. An act to amend the Public Health Service Act to restructure the Alcohol, Drug Abuse, and Mental Health Administration and the authorities of such Administration, including establishing separate block grants to enhance the delivery of services regarding substance abuse and mental health, and for other purposes;

S. 2901: An act to direct the Secretary of Health and Human Services to extend the

waiver granted to the Tennessee Primary Care Network of the enrollment mix requirement under the medicaid program;

H.J. Res. 499. Joint resolution designating July 2, 1992, as "National Literacy Day."

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 2, 1992, he had presented to the President of the United States the following enrolled bills:

S. 1254. An act to increase the authorized acreage limit for the Assateague Island National Seashore on the Maryland mainland, and for other purposes;

S. 1306. An act to amend the Public Health Service Act to restructure the Alcohol, Drug Abuse, and Mental Health Administration and the authorities of such Administration, including establishing separate block grants to enhance the delivery of services regarding substance abuse and mental health, and for other purposes; and

S. 2901: An act to direct the Secretary of Health and Human Services to extend the waiver granted to the Tennessee Primary Care Network of the enrollment mix requirement under the medicaid program;

EXECUTIVE AND OTHER COMMUNICATIONS

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

EC–3529. A communication from the Acting General Counsel of the Department of Defense transmitting a draft of proposed legislation to amend title 10, United States Code, to clarify sections 3380 and 8380 relating to delays of promotions as they apply to officers serving on full time National Guard duty; to the Committee on Armed Services.

EC–3530. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Financial Audit—FSLIC Resolution Fund's 1991 and 1990 Financial Statements"; to the Committee on Banking, Housing, and Urban Affairs.

EC–3531. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Financial Audit—Bank Insurance Fund's 1991 and 1990 Financial Statements"; to the Committee on Banking, Housing, and Urban Affairs.

EC–3532. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Financial Audit—Savings Association Insurance Fund's 1991 and 1990 Financial Statements"; to the Committee on Banking, Housing, and Urban Affairs.

EC–3533. A communication from the President of the Thrift Depositor Protection Oversight Board transmitting, pursuant to law, the annual report of the Oversight Board on the Resolution Funding Corporation for calendar year 1991; to the Committee on Banking, Housing, and Urban Affairs.

EC–3534. A communication from the Senior Vice President, General Counsel, and Secretary of the Corporation for Public Broadcasting transmitting, pursuant to law, the annual report on the provision of services to minority and diverse audiences by public broadcasting entities and public telecommunications entities dated July 1, 1992; to the Committee on Commerce, Science, and Transportation.

EC–3535. A communication from the Senior Vice President, General Counsel, and Secretary of the Corporation for Public Broadcasting transmitting, pursuant to law, the triennial assessment of the needs of minority and diverse audiences and the ways television and radio can be used to help these underrepresented groups; to the Committee on Commerce, Science, and Transportation.

EC–3536. A communication from the Secretary of Agriculture transmitting, pursuant to law, the annual report on activities carried out under the Youth Conservation Corps Act for fiscal year 1991; to the Committee on Energy and Natural Resources.

EC–3537. A communication from the Secretary of Agriculture transmitting, pursuant to law, a report on the status and results of negotiations with Kootznoowoo, Inc., on land acquisitions or land exchanges; to the Committee on Energy and Natural Resources.

EC–3538. A communication from the President of the United States transmitting a draft of proposed legislation to designate certain lands in the State of Utah as wilderness, and for other purposes; to the Committee on Energy and Natural Resources.

EC–3539. A communication from the Deputy Assistant Secretary of Defense (Environment) transmitting, pursuant to law, notice of a delay in the submission of a report relative to compliance with certain environmental laws; to the Committee on Environment and Public Works.

EC–3540. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to amend the Water Resources Development Act of 1986, as amended, to provide for the transfer of funds from the Harbor Maintenance Trust Fund to a new Marine Navigation Trust Fund to support nautical charting and marine navigational safety programs and activities, and for other purposes; to the Committee on Environment and Public Works.

EC–3541. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, notice of the Presidential determination on the eligibility of the Comoros to the furnished defense articles and services under the Foreign Assistance Act and the Arms Export Control Act; to the Committee on Foreign Relations.

EC–3542. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a list of the reports issued by the General Accounting Office during May 1992; to the Committee on Governmental Affairs.

EC–3543. A communication from the Deputy Attorney General (Chief Financial Officer), transmitting, pursuant to law, the 1991 management report for the Federal Prison Industries, Inc.; to the Committee on Governmental Affairs.

EC–3544. A communication from the Secretary of Defense, transmitting, pursuant to law, the semiannual report of the Office of Inspector General, Department of Defense, for the period ended March 31, 1992; to the Committee on Governmental Affairs.

EC–3545. A communication from the Secretary of Education, transmitting, pursuant to law, the semiannual report of the Office of Inspector General, Department of Education, for the period ended March 31, 1992; to the Committee on Governmental Affairs.

EC–3546. A communication from the Secretary of the Treasury, transmitting, pursuant to law, the semiannual report of the Office of Inspector General, Department of the Treasury, for the period ended March 31, 1992; to the Committee on Governmental Affairs.

EC–3547. A communication from the Chairman of the Federal Housing Finance Board, transmitting, pursuant to law, the 1991 management reports of the 12 Federal Home Loan Banks and the Financing Corporation; to the Committee on Governmental Affairs.

EC–3548. A communication from the Secretary of Education, transmitting, pursuant to law, a report entitled "The Condition of Bilingual Education in the Nation"; to the Committee on Labor and Human Resources.

EC–3549. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations—Even Start; to the Committee on Labor and Human Resources.

EC–3550. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations—State Supported Services Program; the State Vocational Rehabilitation Services Program; Special Projects and Demonstrations for Providing Transitional Rehabilitation Services to Handicapped Youth; and Special Projects and Demonstrations for Providing Supported Employment Services to Individuals with Severe Handicaps and Technical Assistance Projects; to the Committee on Labor and Human Resources.

EC–3551. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to amend the Public Health Service Act to authorize grants for construction at certain historically Black colleges and universities and similar institutions granting biomedical graduate degrees and enrolling substantial numbers of students from disadvantaged backgrounds, including racial and ethnic minorities; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources, with an amendment:

S. 2725. A bill to authorize extension of time limitations for a FERC-issued license (Rept. No. 102–311).

By Mr. RIEGLE, from the Committee on Banking, Housing, and Urban Affairs, with an amendment in the nature of a substitute:

S. 2266. A bill to provide for recovery of costs of supervision and regulation of investment advisers and their activities, and for other purposes (Rept. No. 102–312).

By Mr. KENNEDY, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute:

S. 1866. A bill to promote community based economic development and to provide assistance for community development corporations, and for other purposes (Rept. No. 102–313).

By Mr. INOUYE, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute:

S. 1752. A bill to provide for the development, enhancement, and recognition of Indian tribal courts (Rept. No. 102–314).

By Mr. BIDEN, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 2236. A bill to amend the Voting Rights Act of 1965 to modify and extend the bilingual voting provisions of the Act (Rept. No. 102–315).

By Mr. BIDEN, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1941. A bill to amend the Immigration and Nationality Act for the purpose of reforming procedures for the resettlement of refugees in the United States (Rept. No. 102–316).

By Mr. INOUYE, from the Select Committee on Indian Affairs, without amendment:

S. 2507. A bill to amend the Act of October 19, 1984 (Public Law 98–580; 98 Stat. 2698), to authorize certain uses of water by the Ak-Chin Indian Community, Arizona (Rept. No. 102–317).

By Mr. PELL, from the Committee on Foreign Relations, without amendment and with a preamble:

H. Con. Res. 156. A concurrent resolution concerning the emancipation of the Baha'i community of Iran.

By Mr. BENTSEN, from the Committee on Finance, with an amendment in the nature of a substitute and an amendment to the title:

S. 2038. A bill to amend the Social Security Act to improve benefits and coverage under title II, to establish the Social Security Administration as an independent agency, and for other purposes.

By Mr. PELL, from the Committee on Foreign Relations, with an amendment and with a preamble:

S. Con. Res. 125. A concurrent resolution calling for a United States policy of strengthening and maintaining an International Whaling Commission moratorium on the commercial killing of whales, and otherwise expressing the sense of the Congress with respect to conserving and protecting the world's whale population.

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committee were submitted:

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

William Clark, Jr., of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be an Assistant Secretary of State.

Robert L. Gallucci, of Virginia, to be an Assistant Secretary of State.

Frank G. Wisner, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Under Secretary of State for Coordinating Security Assistance Problems.

Alison Podell Rosenberg, of Virginia, to be an Assistant Administrator of the Agency for International Development.

Robert L. Barry, of New Hampshire, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Indonesia.

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

Contributions, amount, date, donee:

1. Self, none.

2. Spouse Margaret C., $50.00, 1989 Mike Lowery, U.S. Senate, $100.00, 1990 Harvey Gant, U.S. Senate.

3. Children, John R. and Elinor, none.

4. Parents, none.

5. Grandparents, none.

6. Brothers and spouses, none.

7. Sisters and spouses, none.

David C. Fields, of California, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Marshall Islands.

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

Contributions, amount, date, donee:

1. Self, none.

2. Spouse, none.

3. Children Scott, and Stacy, none.

4. Parents Claudia Fields none. Father: deceased.

5. Grandparents, deceased.

6. Brothers and spouses, N/A.

7. Sister Patricia Groves, none.

Princeton Nathan Lyman, of Maryland, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of South Africa.

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

Nominee: Princeton N. Lyman.

Post: Ambassador to South Africa.

Contributions, amount, date, donee:

1. Self, none.

2. Spouse, Helen C. Lyman, none.

3. Children and Spouses, Cindy Lyman Brinn, Spouse: Arthur Brinn, none. Sheri Lyman Laigle, Spouse: Pascal Laigle none. Lori Lyman Bruun, Spouse: Stephen Bruun none.

4. Parents, deceased.

5. Grandparents, deceased.

6. Brothers and Spouses, Harvard Lyman, Spouse: Mary Berner, $25, 1988, Democratic Nat'l Comm. (DNC); $25, 1988, DNC; $25, 1988, Democratic Senate Campaign Comm DSC; $75, 1988, DNC; $25, 1989, DNC; $25, 1989, DSCC; $25, 1989, DNC.

Also $40, 1990, DSCC; $20, 1990, National Republican Coalition for Choice (NRCC); $38, 1990, DNC; $25, 1991, NRCC; $50, 1991, DNC; $25, 1991, DSCC; $25, 1991, DSCC.

Stanford Lyman, $50, 1991, Democratic Socialist Assoc.

7. Sisters and Spouses, Sylvia Lyman, Spouse: David Morick, $50, 1988, COPE (Amer. Fed. of Teachers PAC); $50, 1989, COPE; $50, 1990, COPE; $25, 1990, Peace and Freedom Party; $50, 1991, COPE; $25, 1991, Ferraro for U.S. Senate; $25, 1991, Ferraro for U.S. Senate; $21, 1991, DSCC; $30, 1991, Barbara Boxer for U.S. Senate.

Joseph Charles Wilson IV, of California, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Gabonese Republic, and to serve concurrently without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Republic of Sao Tome and Principe.

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

Nominee: Joseph Charles Wilson IV.

Post: Gabon and Sao Tome and Principe.

Contributions, amount, date, donee:

1. Self, Joseph C. Wilson IV, none.

2. Spouse, Jacqueline G. Wilson, none.

3. Children and Spouses, Joseph C. Wilson V., Sabrina C. Wilson, none.

4. Parents, Phyllis Finnell Wilson none, Joseph C. Wilson III (deceased).

5. Grandparents, Joseph C. Wilson Jr., Mary McKee Wilson (deceased). Phillip Finnell and wife (deceased).

6. Brothers and Spouses, William Ralph Wilson, none.

Joseph Monroe Segars, of Pennsylvania, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Cape Verde.

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

Nominee: Joseph Monroe Segars.

Post: Republic of Cape Verde (PRAIA).

Contributions, amount, date, donee:

1. Self, Joseph Monroe Segars, none.

2. Spouse, Elizabeth Nan Segars, none.

3. Children, Ryan Graham Segars, none.

4. Parents, Carrie Bailey Segars, none. Theopiles Segars deceased.

5. Grandparents, deceased.

6. Brothers and Spouses, Jerald Segars, Joel Segars, none.

7. Sisters and Spouses, Cynthia Duncan, none, Marilyn Jamal, none, Mumia Jamal, none.

Kenneth L. Brown, of California, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ghana.

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

Nominee: Kenneth Lee Brown.

Post: Accra, Ghana.

Contributions, amount, date, donee:

1. Self, none.

2. Spouse, none.

3. Children, Kai, Craig, Charity Brown, none.

4. Parents, Juanita Brown, none, Roy L. Brown, deceased.

5. Grandparents, Gilson and Etta Martin, deceased; Sam and Ada Brown, deceased.

6. Brothers and Spouses, Gilbert and Robin Brown, none.

7. Sisters and Spouses, Elaine and Art Flory none.

Charles B. Salmon, Jr., of New York, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Lao People's Democratic Republic.

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

Nominee: Charles B. Salmon, Jr.

Post: Vientiane, Laos.

Contributions, amount, date, donee:

1. Self, none.

2. Spouse, N/A.

3. Children and Spouses, N/A.

4. Parents, Charles B. Salmon, none, Regina Salmon deceased.

5. Grandparents, deceased.

6. Brothers, Richard, none.

7. Sisters and Spouses, N/A.

Irvin Hicks, of Maryland, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Deputy Representative of the United States of America in the Security Council of the United Nations, with the rank of Ambassador.

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

Nominee: Irvin Hicks.

Post: USUN.

Contributions, amount, date, donee:

1. Self, $100; 1990, DNC.
2. Spouse, $100; 1991, DNC.
3. Children, Irvin, Karim, C. Genevieve.
4. Parents, deceased.
5. Grandparents, deceased.
6. Brothers and Spouses, N/A.
7. Sisters and Spouses, N/A.

No contact with half brothers and half sister.

Richard H. Solomon, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Philippines.

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

Nominee: Richard H. Solomon.

Post: U.S. Embassy Manila (PHL).

Contributions, amount, date, donee:

1. Self, none.
2. Spouse Anne K. Solomon, none.
3. Children, Eric Keatley, Jonathan and Lisa Solomon, none.
4. Parents, Ellen H. Solomon, none.
5. Grandparents, deceased.
6. Brothers and Spouses, Steven Solomon and Kay, none.
7. Sisters and Spouses, none.

(The above nominations were approved subject to the nominees' commitment to appear and testify before any duly constituted committee of the Senate.)

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

Treaty Doc. 99–1. 1983 Partial Revision of the Radio Regulations (Geneva, 1979) and a Final Protocol (Exec. Rept. No. 102–37).

Treaty Doc. 100–7. Agreement for the Medium Frequency Broadcasting Service in Region 2 (Exec. Rept. No. 102–38).

Treaty Doc. 102–10. Regional Agreement on Broadcasting Service Expansion in the Western Hemisphere (Exec. Rept. No. 102–39).

Treaty Doc. 102–13. International Telecommunications Regulations, (Melbourne, 1988) (Exec. Rept. No. 102–40).

Treaty Doc. 102–27. Partial Revision (1988), Radio Regulations, Relating to Space Radiocommunications Service (Exec. Rept. No. 102–41).

Treaty Doc. 102–28. Partial Revision (1985), Radio Regulations, Relating to Broadcasting-Satellite Service in Region 2 (Exec. Rept. No. 102–42).

Treaty Doc. 102–29. Partial Revision of the Radio Regulations (Geneva, 1979) Relating to Mobile Services (Exec. Rept. No. 102–43).

TEXTS OF REPORTED RESOLUTIONS OF ADVICE AND CONSENT TO RATIFICATION TO SEVEN TREATIES

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Partial Revision of the Radio Regulations (Geneva, 1979) of the International Telecommunications Union and a Final Protocol, signed on behalf of the United States at Geneva on March 18, 1983.

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Regional Agreement for the Medium Frequency Broadcasting Service in Region 2, with Annexes, and a Final Protocol, signed on behalf of the United States at Rio de Janeiro on December 19, 1981.

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Regional Agreement for the Use of the Band 1605–1705 kHz in Region 2, with Annexes, and and Two U.S. Statements as contained in the Final Protocol, signed on behalf of the United States at Rio de Janeiro on June 8, 1988.

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the International Telecommunication Regulations, with Appendices, signed at Melbourne on December 9, 1988, and a U.S. Statement, which includes a Reservation, as contained in the Final Protocol.

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the 1988 Partial Revision of the Radio Regulations (Geneva, 1979) signed on behalf of the United States on October 6, 1988, and the U.S. Statement contained in the Final Protocol.

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Partial Revision of the Radio Regulations (Geneva, 1979) signed on behalf of the United States on September 15, 1985, and the U.S. Reservation and Statements as contained in the Final Protocol.

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Partial Revision of the Radio Regulations (Geneva, 1979) [Final Acts of the World Administrative Radio Conference for the Mobile Services (MOB–87) Geneva 1987], signed on behalf of the United States on October 17, 1987, and the U.S. Reservations and Statement contained in the Final Protocol.

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. MCCAIN:

S. 2939. A bill to authorize certain uses of water by the Fort Mojave Indian Tribe; to the Select Committee on Indian Affairs.

By Mr. WOFFORD:

S. 2940. A bill to reduce to 100,000 the number of members of the Armed Forces of the United States assigned to permanent duty ashore in NATO countries of Europe by the end of fiscal year 1995; to the Committee on Armed Services.

By Mr. RUDMAN (for himself, Mr. KERRY, Mr. KASTEN, Mr. HATFIELD, Mr. KENNEDY, Mr. GORTON, Mr. NUNN, Mr. GORE, and Mr. WIRTH):

S. 2941. A bill to provide the Administrator of the Small Business Administration continued authority to administer the Small Business Innovation Research Program, and for other purposes; to the Committee on Small Business.

By Mr. HATCH (for himself, Mr. COATS, Mr. GARN, Mr. KASTEN, Mr. NICKLES, and Mr. SEYMOUR):

S. 2942. A bill to institute accountability in the Federal regulatory process, establish a program for the systematic selection of regulatory priorities, and for other purposes; to the Committee on Governmental Affairs.

By Mr. CRANSTON:

S. 2943. A bill for the relief of Deborah Gabbay Aaron; to the Committee on the Judiciary.

By Mr. LAUTENBERG:

S. 2944. A bill to promote and accelerate the development and use of a new generation of quieter commercial jet aircraft, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. MITCHELL (for himself and Mr. FORD):

S. 2945. A bill to amend the Federal Aviation Act of 1958 to establish and operate a system in the United States to supplement the compensation payable to claimants under the Convention for the Unification of Certain Rules Relating to International Carriage by Air in respect of death or personal injury of passengers; to the Committee on Commerce, Science, and Transportation.

By Mr. LIEBERMAN (for himself and Mr. DODD):

S. 2946. A bill to provide for assistance to small businesses in the transition from defense related industries to nondefense industries; to the Committee on Small Business.

By Mr. MCCAIN:

S. 2947. A bill to authorize the transfer of certain funds from the Defense Environmental Restoration Account to the Department of Defense Base Closure Account 1990, and for other purposes; to the Committee on Appropriations.

By Mr. MURKOWSKI:

S. 2948. A bill for the relief of certain subcontractors that incurred losses resulting from the avoidable insufficiency of payment and performance bonds furnished in connection with Corps of Engineers Project DACA 85–88–C–0025 at Eielson Air Force Base, Alaska; to the Committee on the Judiciary.

By Mr. KENNEDY (for himself and Mr. INOUYE):

S. 2949. A bill to amend the Public Health Service Act to provide for the conduct of expanded research and the establishment of innovative programs and policies with respect to traumatic brain injury, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. CHAFEE:

S. 2950. A bill to amend title XIX of the Social Security Act to stop cost shifting by pharmaceutical companies to health care providers by repealing the use of best price and increasing the discount used in determining rebates for prescription drugs purchased under medicaid, to ensure the restoration of prescription drug discounts to various Federal programs, and for other purposes; to the Committee on Finance.

By Mr. STEVENS (for himself and Mr. INOUYE):

S. 2951. A bill to enhance the participation by small business concerns owned and operated by socially and economically disadvantaged individuals in environmental cleanup and hazardous waste remediation contracts and subcontracts; to the Committee on Small Business.

By Mr. METZENBAUM:

S. 2952. A bill to establish a grant program under the National Highway Traffic Safety Administration for the purpose of promoting the use of bicycle helmets by individuals under the age of 16; to the Committee on Commerce, Science, and Transportation.

By Mr. METZENBAUM (for himself and Mr. WIRTH):

S. 2953. A bill to amend the Endangered Species Act of 1973 to clarify citizen suit provisions, and for other purposes; to the Committee on Environment and Public Works.

By Mr. WOFFORD (for himself and Mr. SPECTER):

S. 2954. A bill to expand the Fort Necessity National Battlefield, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. WARNER:

S. 2955. A bill to amend the Internal Revenue Code of 1986 to improve disclosure requirements for tax-exempt organizations; to the Committee on Finance.

By Mr. BOND (for himself and Mr. DANFORTH):

S. 2956. A bill to provide for the addition of the Truman Farm Home to the Harry S. Truman Historic National Site in the State of Missouri, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. CHAFEE (for himself and Mr. BAUCUS):

S. 2957. A bill to amend the Internal Revenue Code of 1986 to exclude from the gross estate the value of land subject to a qualified conservation easement if certain conditions are satisfied, to permit a qualified conservation contribution where the probability of surface mining is remote, and to defer some of the scheduled reduction in estate tax rates; to the Committee on Finance.

By Mr. AKAKA:

S. 2958. A bill to amend chapter 37 of title 38, United States Code, to expand the housing loan program for veterans; to the Committee on Veterans' Affairs.

By Mr. JOHNSTON:

S. 2959. A bill to develop and implement policies with respect to the territories of the United States; to the Committee on Energy and Natural Resources.

By Mr. LUGAR:

S. 2960. A bill to authorize debt reduction for Latin American Caribbean countries under the Enterprise for the Americas Initiative, and for other purposes; to the Committee on Foreign Relations.

By Mr. AKAKA (for himself, Mr. DASCHLE, and Mr. SHELBY):

S. 2961. A bill to amend title 38, United States Code, to permit the burial in ceremonies of the National Cemetery System of certain deceased Reservists, to furnish a burial flag for such members, to furnish headstones and markers, and for other purposes; to the Committee on Veterans' Affairs.

By Ms. MIKULSKI:

S. 2962. A bill to amend the Federal Property and Administrative Services Act of 1949 and title 10, United States Code, to provide for the consideration of certain contract-related revenues of the Federal Government in the determination of which contract bid or proposal contains the lowest price; to the Committee on Governmental Affairs.

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 2963. A bill to amend title 38, United States Code, to provide that future increases in the monthly amount paid by the State of New York to blind disabled veterans shall be excluded from the determination of annual income for purposes of payment of pension by the Secretary of Veterans Affairs; to the Committee on Veterans' Affairs.

By Mr. SPECTER (for himself, Mr. BRADLEY, Mr. WOFFORD, and Mr. LAUTENBERG):

S. 2964. A bill granting the consent of the Congress to a supplemental compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey concerning the Delaware River Port Authority; to the Committee on the Judiciary.

By Mr. DOMENICI (for himself and Mr. BINGAMAN):

S. 2965. A bill to amend the San Juan Basin Wilderness Protection Act of 1984 to designate additional lands as wilderness and to establish the Fossil Forest Research Natural Area, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HATFIELD (for himself, Mr. GORTON, and Mr. PACKWOOD):

S. 2966. A bill to amend the Small Business Investment Act of 1958 to permit prepayment of debentures issued by State and local development companies; to the Committee on Small Business.

By Mr. GARN (for himself and Mr. MACK) (by request):

S. 2967. A bill to increase the amount of credit available to fuel local, regional and national economic growth by reducing the regulatory burden imposed upon depository institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. METZENBAUM:

S. 2968. A bill to amend the Federal Food, Drug, and Cosmetic Act to prevent misleading advertising of the health benefits of foods; to the Committee on Labor and Human Resources.

By Mr. KENNEDY (for himself, Mr. HATCH, Mr. METZENBAUM, Mr. GARN, Mr. ADAMS, Mr. HATFIELD, Mr. BURDICK, Mrs. KASSEBAUM, Mr. GRAHAM, Mr. PACKWOOD, Mr. HARKIN, Mr. SPECTER, Mr. INOUYE, Mr. LAUTENBERG, Mr. LEVIN, Mr. LIEBERMAN, Mr. PELL, Mr. RIEGLE, Mr. WELLSTONE, and Mr. WIRTH):

S. 2969. A bill to protect the free exercise of religion; to the Committee on the Judiciary.

By Mr. SASSER (for himself, Mr. SEYMOUR, Mr. BREAUX, Mr. LIEBERMAN, Mr. MITCHELL, and Mr. HATFIELD):

S. 2970. A bill to amend the Cash Management Improvement Act of 1990, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BOREN:

S. 2971. A bill to amend the Wild and Scenic Rivers Act to protect State-designated rivers prior to their approval or disapproval by the Secretary of the Interior for inclusion in the National Wild and Scenic Rivers System, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. LEAHY:

S. 2972. A bill to amend the Child Nutrition Act of 1966 to temporarily prohibit the use of funds to carry out the WIC-Child Impact Study or a similar study, to direct that any savings be used for supplemental foods and related costs for nutrition services and administration under the WIC program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CRANSTON (for himself, Mr. DECONCINI, Mr. ROCKEFELLER, Mr. GRAHAM, Mr. AKAKA, Mr. DASCHLE, Mr. JEFFORDS, Mr. SIMON, and Mr. KERRY):

S. 2973. A bill to amend title 38, United States Code, to improve the care and services furnished to women veterans who have experienced sexual trauma, to study the needs of such veterans, to expand and improve other Department of Veterans Affairs programs that provide such care and services, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. CRANSTON:

S. 2974. A bill to amend title 38, United States Code, to revise certain administrative provisions relating to the United States Court of Veterans Appeals, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. MCCAIN:

S. 2975. A bill to provide for the settlement of the water rights claims of the Yavapai-Prescott Indian Tribe in Yavapai County, Arizona, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. SIMON:

S. 2976. A bill to establish academies for mathematics and science teaching skills; to the Committee on Labor and Human Resources.

By Mr. DASCHLE (for himself, Mr. DECONCINI, and Mr. BURDICK):

S. 2977. A bill to establish within the Bureau of Indian Affairs a program to improve the management of rangelands and farmlands and the production of agricultural resources on Indian lands, and for other purposes; to the Select Committee on Indian Affairs.

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

S. 2978. A bill to amend the Rural Electrification Act of 1936 to permit the prepayment and refinancing of Federal Financing Bank loans made to rural electrification and telephone systems, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. MOYNIHAN (for himself, Mr. DANFORTH, and Mr. BOREN):

S. 2979. A bill to amend the Internal Revenue Code of 1986 to encourage charitable contributions and improve compliance with the rules governing the deductibility of such contributions; to the Committee on Finance.

By Mr. INOUYE (for himself, Mr. LUGAR, Mr. BOREN, Mr. GORTON, Mr. CRAIG, Mr. SEYMOUR, Mr. COHEN, Mr. COCHRAN, Mr. GRAHAM, Mr. MACK, Mr. CONRAD, Mr. SPECTER, and Mr. GARN):

S. 2980. A bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act with respect to minor use of pesticides; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CRAIG (for himself and Mr. SYMMS):

S. 2981. A bill to establish the Snake River Birds of Prey National Conservation Area in the State of Idaho, and for other purposes; to the Committee on Energy and Natural Resources.

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

S. 2982. A bill to amend the Consolidated Farm and Rural Development Act to establish a program to aid beginning farmers and ranchers and to improve the operation of the Farmers Home Administration, and to amend the Farm Credit Act of 1971 for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. BIDEN:

S. 2983. A bill to amend the Congressional Budget Act of 1974 to require that Congress adopt a concurrent resolution on the national security budget setting binding appropriate levels for national security discretionary spending, consisting of the defense and international categories, and domestic discretionary spending before adopting the concurrent resolution on the budget for a fiscal year; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one committee reports, the other committee have 30 days to report or be discharged.

By Mr. GRAHAM (for himself and Mr. MACK):

S. 2984. A bill to authorize financial assistance for the construction and maintenance of the Mary McLeod Bethune Memorial Fine Arts Center; considered and passed.

By Mr. BIDEN (for himself, Mr. HATCH, Mr. PELL, Mr. CRANSTON, Mr. HELMS, Mr. MITCHELL, Mr. ROBB, Mr. WOFFORD, Mr. MURKOWSKI, Mr. SIMON, Mr. KENNEDY, Mr. DODD, Mr. GORTON, Mr. DIXON, Mr. KERREY, Mr. INOUYE, and Mr. MOYNIHAN):

S. 2985. A bill to authorize the Board for International Broadcasting to support a "Radio Free China"; to the Committee on Foreign Relations.

By Mr. KENNEDY:

S. 2986. A bill to place certain conditions on the operation of Federal advisory committees for national park system units; to the Committee on Energy and Natural Resources.

By Mr. BIDEN:

S.J. Res. 325. A joint resolution entitled the "Collective Security Participation Resolution"; to the Committee on Foreign Relations.

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

S.J. Res. 326. A joint resolution designating the beach at 53 degrees 53'51"N, 166 degrees 34'15"W to 53 degrees 53'48"N, 166 degrees 34'21"W on Hog Island, which lies in the Northeast bay of Unalaska be named "Arkansas Beach" in commemoration of the 206th regiment of the National Guard who served during the Japanese attack of Dutch Harbor, Unalaska on June 3 and 4, 1942; considered and passed.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

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

By Mr. KERRY (for himself, Mr. SMITH, Mr. ROBB, Mr. GRASSLEY, Mr. BROWN, Mr. DASCHLE, Mr. HELMS, Mrs. KASSEBAUM, Mr. KERREY, Mr. KOHL, Mr. MCCAIN, Mr. REID, Mr. BUMPERS, Mr. LAUTENBERG, and Mr. DODD):

S. Res. 324. A resolution relating to declassification of Documents, Files, and other materials pertaining to POWs and MIAs; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MCCAIN:

S. 2939. A bill to authorize certain uses of water by the Fort Mojave Indian Tribe; to the Select Committee on Indian Affairs.

FORT MOJAVE WATER USE ACT

Mr. MCCAIN. Mr. President, I am pleased to introduce today legislation that will promote more efficient, economic and environmentally sound management and use of water in the Mojave Valley in Mojave County in northwestern Arizona.

The legislation would authorize the Fort Mojave Indiana Tribe, whose reservation includes lands within Arizona, California, and Nevada, to lease 5,000-acre feet of its entitlement from Arizona's share of the Colorado River for a period of 25 years for use only in the State of Arizona. This small but critical measure is necessary to permit the tribe and a small local waste water utility to carry out an agreement that will enable the tribe to protect its investment in a new regional waste water treatment facility and to ensure the viability of its utility authority. It will also serve to help protect the quality of Colorado River water.

The Fort Mojave Tribe's reservation lands in Arizona are interspersed with non-Indian landholdings in a checkerboard pattern. This checkerboaring has posed an array of jurisdictional and financial obstacles that until recently have hamstrung efforts to establish any regional wastewater utility to serve the Mojave Valley. Consequently, homes and commercial facilities in the valley have relied upon small package plants, drainfield or septic systems for their waste water needs. Problems with these small waste water systems, which can discharge effluent directly into the Colorado River system because of the valley's sandy soils and high ground water table, have become more acute with increasing economic and residential development in the region of Bullhead City, AZ, and nearby Laughlin, NV.

The Fort Mojave Tribe, in cooperation with local and State entities, has overcome the obstacles to establishing a much-needed regional waste water treatment system. In December 1989, the tribe issued approximately $7 million in tax exempt bonds for start-up costs of the new Fort Mojave Tribal Utility Authority [FMTUA] and for construction of a new, modern waste water treatment plant and collection system to serve both Indian and non-Indian lands within the reservation and neighboring areas.

The tribe also entered into an intergovernmental agreement with the Arizona Department of Environmental Quality [ADEQ], wherein the tribe adopted as tribal law the State's laws and regulations relevant to wastewater utilities, and deputized ADEQ officials to aid in inspection and enforcement activities. Together, these actions subjected the entire utility to a uniform regulatory framework.

Soon after the issuance of the tribe's bonds, however, a slowdown in the local and regional economy raised concern about the viability of the FMTUA and the tribe's ability to pay its debt service on the financing for the wastewater system. This slowdown meant less development and fewer customers on line in the areas the wastewater system was initially planned to serve. In response, the FMTUA determined that the most sensible and economic way to get enough customers on line to generate enough revenue to cover the debt is to extend the collection system to an area adjacent to the Bullhead City limits known as the Three Mile Island.

In seeking to extend its system, the FMTUA found itself in competition with a small, privately owned wastewater utility, Sorensen Utility, that was established by residential home developers for the primary purpose of insuring a water supply for a golf course. Both utilities submitted plans to Mohave County and the Arizona Department of Environmental Quality to serve the Three Mile Island, which utility experts agree would best be served by just one wastewater utility.

Rather than force governmental agencies to choose one utility over the other, the tribe and Sorensen negotiated an agreement wherein Sorensen will sell its wastewater utility franchise, infrastructure, and customers to the tribe in exchange for a lease of a small segment of tribal land and an opportunity to lease water from the tribe on a temporary basis. This agreement will ensure sufficient water for the golf course as well as the additional customers and revenue needed by the FMTUA.

In the absence of any general legislation authorizing tribes to lease portions of their reservation water entitlements, the tribe has asked Congress to provide specific authority to lease the water needed to effectuate the agreement between the tribe and Sorensen Utility. In response to this request, the legislation I introduce today authorizes the tribe to lease, exchange, or temporarily dispose of 5,000-acre feet, or less than 5 percent of the 103,535-acre feet awarded to the tribe in Arizona versus California from Arizona's share of the Colorado River, for use only in Arizona. The term of any lease is limited to 25 years.

As a partner in a government-to-government relationship with Indian tribes, the United States has a duty to administer its trust responsibilities to tribes with prudence and dispatch, and to take appropriate actions to protect the tribes' trust assets and take reasonable steps to preserve and if possible, enhance the value of those assets. I believe this legislation is such a step.

The United States also has a duty and responsibility to act and promote actions to ensure the quality of our Nation's water supply. By helping to provide for the continued operation of the Fort Mojave Tribe's regional wastewater treatment plant, the bill will contribute to reducing or eliminating use of less efficient treatment alternatives and discharges of effluent into the Colorado River system, to everyone's benefit.

Accordingly, I very much appreciate Chairman INOUYE scheduling a hearing on this legislation before the Select Committee on Indian Affairs for the afternoon of July 22. At that time we should be able to complete the record of support for this measure. I have re-

ceived copies of resolutions of support from the Mojave County Board of Supervisors, the Fort Mojave Tribal Utility Authority and the Fort Mojave Tribal Council, the mayor and city council of the City of Bullhead City, AZ, and the Mojave Valley Irrigation and Drainage District. I look forward to receiving testimony from the State of Arizona reflecting the views of its department of water resources and department of environmental quality, and from the Department of the Interior.

I commend and congratulate the Fort Mojave Tribal Council and its chairperson, Nora Garcia, for their leadership in working with their neighbors, State and Federal agencies to overcome the obstacles to providing a sensible and effective solution to regional wastewater treatment problems. Sorensen Utility, Mojave County, the Arizona Department of Water Quality and all other parties to these efforts deserve praise for their contributions.

Mr. President, I am hopeful that the Congress will be able to act quickly and pass this noncontroversial legislation that is so clearly in the public interest.

By Mr. WOFFORD:

S. 2940. A bill to reduce to 100,000 the number of members of the Armed Forces of the United States assigned to permanent duty ashore in NATO countries of Europe by the end of fiscal year 1995; to the Committee on Armed Services.

REDUCTION OF UNITED STATES TROOP STRENGTH IN EUROPE

• Mr. WOFFORD. Mr. President, I ask unanimous consent that this bill be printed in the RECORD.

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

S. 2940

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REDUCTION IN THE AUTHORIZED END STRENGTH FOR THE NUMBER OF MILITARY PERSONNEL IN EUROPE.

Subsection (c)(1) of section 1002 of the National Defense Authorization Act, 1985 (22 U.S.C. 1928 note), is amended in the first sentence by inserting after "235,700" the following: "members before September 30, 1995, and 100,000 members on and after that date".•

By Mr. RUDMAN (for himself, Mr. KERRY, Mr. KASTEN, Mr. HATFIELD, Mr. KENNEDY, Mr. GORTON, Mr. NUNN, Mr. GORE, and Mr. WIRTH):

S. 2941. A bill to provide the Administrator of the Small Business Administration continued authority to administer the Small Business Innovation Research Program, and for other purposes; to the Committee on Small Business.

SMALL BUSINESS INNOVATION DEVELOPMENT ACT OF 1992

• Mr. RUDMAN. Mr. President, I rise today to introduce legislation to reauthorize the Small Business Innovation Research Program [SBIR].

The SBIR Program, first introduced in this body over 10 years ago, is one of the most successful small business programs today. First signed into law—Public Law 97-219—by President Reagan on July 22, 1982, this program was extended in 1986—Public Law 99-433—for an additional 6 years. Today I am offering legislation to reauthorize the SBIR program through October 1, 2000, an additional 7 years.

When Congress created SBIR in 1982 the United States was facing some very real problems: the loss of our Nation's position as a world leader in the fields of innovation and technology development; the need to stimulate job production; and the need to ensure the greatest return for Federal research and development [R&D] investment at a time of tightening fiscal resources. The SBIR program sought to address these problems by using small businesses to meet Federal research and development needs.

Under the SBIR program, 11 Federal agencies, all with R&D budgets in excess of $100 million per year, direct a small portion of their R&D funds to small businesses. The Program sets out three phases to accomplish its goals. Under phase I, awards are made to small businesses to develop proposals which demonstrate exceptional technical or scientific merit. Once phase I is completed, a company with a promising project may compete for phase II awards to permit further development. Finally, under phase III companies are encouraged to obtain non-SBIR funds to commercially develop their project.

Today, after 10 years of experience with the program we are just beginning to realize the benefits of the SBIR program. When this program was last reauthorized in 1986 sufficient time had not gone by to determine the rate of commercialization. Last October the General Accounting Office [GAO] testified that as of July 1991, the SBIR program had generated more than $1.1 billion in phase III activity. Approximately $3 billion in additional phase III activity is expected by the end of 1993.

The results of a multiyear study conducted by the Small Business Administration [SBA] indicate that 27 percent of awardees had or are likely to realize commercial success within 6 years after receiving SBIR funds. This is an outstanding figure when you consider that at the early stages of the program, proponents felt that SBIR would be successful if 5 percent of all projects entered the commercial phase. Commercialization is not the only measure of the SBIR program's success. A study conducted by the General Accounting Office [GAO] concluded that approximately 79 percent of SBIR projects were rated to be of equal or better quality than other federal research.

The SBIR program will expire on October 1, 1993 if action is not taken to reauthorize it. As the original author of this program, I am very concerned that it is reauthorized in a timely manner and disruptions are avoided. Small companies and Federal agencies will make decisions this year based upon whether funds will be available next year. Agencies need sufficient time to adjust to reauthorization changes. For these reasons, it is important that this legislation be enacted soon.

My proposed legislation is similar to the Small Business Innovation Development Amendment Act, H.R. 4400, recently reported by the House Small Business Committee, with three changes. First, the SBIR set-aside is increased from 1.25 percent to 2.5 percent, not the 3-percent increase as reported by the committee. Second, the legislation includes language adopted by the full House as part of the fiscal year 1993 Defense reauthorization bill, removing the current exemptions on certain Department of Defense R&D activities. Third, a provision creating a new Small Business Technology Transfer Program [STTR] is not included, although I may not be averse to considering it at a later time.

Mr. President, the small business community is the catalyst for economic growth in this country. SBIR, a program which combines the entrepreneurial skills of some of our Nation's most productive and able workers, has proven over a period of 10 years to be an exceptionally successful program. By encouraging small business involvement in technological innovation SBIR has generated positive returns on investment, developed inventive research solutions, and created thousands of jobs which have not been washed away by the recession. I urge my colleagues to act favorably on this measure.

Mr. President, I ask unanimous consent that a copy of the legislation I am introducing today be printed in the RECORD.

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

S. 2941

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Innovation Development Amendment Act of 1992".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) the Small Business Innovation Research Program established by the Small Business Innovation Development Act of 1982 has been effective in encouraging the participation of small businesses in Federal research and development;

(2) the Small Business Innovation Research Program has stimulated technological innovation by small businesses participating in the program;

(3) small businesses participating in the Small Business Innovation Research Program have demonstrated that they are among the most competent and cost-effective providers of high quality research and development;

(4) small businesses participating in the Small Business Innovation Research Program have provided innovative products and services that are vital to the national defense, the exploration of space, the advancement of science, the promotion of the health, safety, and welfare of United States citizens, and many other fields important to the functions of the Federal Government;

(5) the Small Business Innovation Research Program has been successful in converting Federal research and development into innovative products, benefiting both the United States Government and the commercial marketplace;

(6) by moving technology from the laboratory to the marketplace, the Small Business Innovation Research Program has expanded business opportunities, increased productivity, created jobs, stimulated the introduction of new products by high technology-related firms, and made United States industry more competitive;

(7) the Small Business Innovation Research Program has also resulted in a positive benefit to the Nation's balance of trade by increasing exports from small businesses;

(8) Federal employees have exhibited skill and innovation in implementing the Small Business Innovation Research Program;

(9) the Small Business Innovation Research Program can provide productive employment for the Nation's scientists and engineers who have been displaced due to cuts in the budget of the Department of Defense and due to economic recession; and

(10) despite the fact that the Small Business Innovation Research Program has achieved its participation goals, the proportion of Federal funds for industrial research and development received by small businesses remains at 3 percent (the same level as 10 years ago), although private sector use of small businesses for research and development doubled in the 1980's.

(b) PURPOSES.—The purposes of this Act are—

(1) to expand and improve the Small Business Innovation Research Program;

(2) to modify the Small Business Innovation Research Program to emphasize private sector commercialization of technology derived from Federal research and development; and

(3) to increase the opportunity for participation in Federal research and development by small businesses.

SEC. 3. EXTENSION OF SMALL BUSINESS INNOVATION RESEARCH PROGRAM.

Section 5 of the Small Business Innovation Development Act of 1982 (Public Law 97-219, 96 Stat. 219) is amended by striking "1993" and inserting "2000".

SEC. 4. AMENDMENTS TO SMALL BUSINESS INNOVATION RESEARCH PROGRAM.

(a) DEFINITION OF SBIR.—Section 9(e)(4) of the Small Business Act (15 U.S.C. 638(e)(4)) is amended—

(1) in subparagraph (A), by inserting "that appear to have commercial potential (as described in subparagraph (C))" after "ideas"; and

(2) by striking subparagraphs (B) and (C) and inserting the following:

"(B) a second phase, to further develop proposed ideas which meet particular program needs, in which awards shall be made based on the scientific and technical merit and feasibility of the idea—

"(i) as evidenced by the first phase; and

"(ii) after giving consideration to factors relating to the commercial potential of the idea, including—

"(I) whether or not the idea is proposed by a small business concern that has been successful in the commercial application of SBIR research;

"(II) whether or not there are commitments for contributions to second phase funding of the idea;

"(III) whether or not there are third phase, follow-on commitments for funding of the idea; and

"(IV) whether or not the idea has other qualities indicating commercial potential; and

"(C) where appropriate, a third phase—

"(i) in which non-Federal capital is used to fund commercial applications of the research or research and development;

"(ii) that may also involve follow-on, non-SBIR funded awards by a Federal agency for products or processes intended for use by the United States Government; and

"(iii) that is a continuation of research or research and development that has been competitively selected using peer review or scientific review criteria established pursuant to subparagraphs (A) and (B).".

(b) REQUIRED EXPENDITURES FOR SBIR BY FEDERAL AGENCIES.—

(1) IN GENERAL.—Section 9(f)(1) of the Small Business Act (15 U.S.C. 638(f)(1)) is amended to read as follows:

"(f) FEDERAL AGENCY EXPENDITURES FOR SBIR.—

"(1) IN GENERAL.—

"(A) REQUIRED EXPENDITURE AMOUNTS.—Each Federal agency which has an extramural budget for research or research and development in excess of $100,000,000 for fiscal year 1992, or any fiscal year thereafter, shall expend—

"(i) not less than 1.25 percent of such budget in each of fiscal years 1992 and 1993;

"(ii) not less than 1.5 percent of such budget in fiscal year 1994;

"(iii) not less than 1.75 percent of such budget in fiscal year 1995;

"(iv) not less than 2.0 percent of such budget in fiscal year 1996;

"(v) not less than 2.25 percent of such budget in fiscal year 1997; and

"(vi) not less than 2.5 percent of such budget in each fiscal year thereafter,

specifically in connection with small business innovation research programs which meet the requirements of this section and regulations issued under this section.

"(B) LIMITATION.—A Federal agency shall not make available for the purpose of meeting the requirements of subparagraph (A) an amount of its extramural budget for basic research which exceeds the percentages specified in subparagraph (A).

"(C) EXCLUSION OF CERTAIN FUNDING AGREEMENTS.—Funding agreements with small business concerns for research or research and development which result from competitive or single source selections other than a small business innovation research program shall not be considered to meet any portion of the percentage requirements of subparagraph (A).".

(2) CONFORMING AMENDMENT.—Section 9(f)(2) of the Small Business Act (15 U.S.C. 638(f)(2)) is amended by striking "(2)" and inserting the following:

"(2) EXCLUDED AMOUNTS.—".

(c) SBIR SOLICITATIONS.—Section 9(g) of the Small Business Act (15 U.S.C. 638(g)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) unilaterally determine research topics within the agency's SBIR solicitations, giving special consideration to topics which permit substantial applicant participation in the formulation of the research project consistent with the agency's mission;".

(d) DEADLINE FOR FINAL PAYMENT UNDER SBIR AGREEMENTS.—Section 9(g)(7) of the Small Business Act (15 U.S.C. 638(g)(7)) (as redesignated by subsection (c)(1)) is amended by inserting before the semicolon the following: "and, in all cases, make payment to recipients under such agreements in full, subject to audit on or before the last day of the 12-month period beginning on the date of completion of such requirements".

(e) MODIFICATIONS TO SBIR POLICY DIRECTIVES.—Not later than 90 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall modify policy directives for the general conduct of small business innovation research programs issued pursuant to section 9(j) of the Small Business Act to provide for—

(1) retention by a small business concern of the rights to data generated by the concern in the performance of an SBIR award for a period of not less than 4 years;

(2) continued use by a small business concern, as a directed bailment, of any property transferred by a Federal agency to the small business concern in the second phase of a small business innovation research program for a period of not less than 2 years beginning on the date of participation in phase III of such program;

(3) procedures to ensure, to the extent practicable, that an agency which intends to pursue research, development, or production of a technology developed by a small business concern under a small business innovation research program enters into follow-on, non-SBIR funded contracts with the small business concern for such research, development, or production; and

(4) an increase in the amount of funds which an agency may award in the first phase of a small business innovation research program to $75,000, and an adjustment of such amount every 5 years to reflect economic adjustments and programmatic considerations.

(f) ELIMINATION OF SURVEYING AND REPORTING REQUIREMENT.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by striking subsection (k).

(g) REPORTING OF AWARDS MADE FROM SINGLE PROPOSAL.—

(1) IN GENERAL.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following new subsection:

"(k) If a Federal agency required to establish a small business innovation research program under subsection (f) makes an award with respect to a SBIR solicitation topic or subtopic for which the agency received only 1 proposal, the agency shall provide written justification for making the award in the next annual report required of the agency by subsection (g)(8).".

(2) CONFORMING AMENDMENT.—Section 9(g)(5) of the Small Business Act (15 U.S.C. 638(g)(5)) (as redesignated by section 4(c)) is amended by inserting "subject to subsection (k)," before "unilaterally".

SEC. 5. REPORT OF COMPTROLLER GENERAL.

Not later than 5 years after the date of enactment of this Act, the Comptroller General of the United States shall transmit to Congress a report containing—

(1) a review of the progress made by Federal agencies in meeting the requirements of section 9(f)(1)(A) of the Small Business Act (relating to minimum expenditures under a small business innovation research program), including increases in such minimum expenditures required by such section;

(2) an analysis of participation by small business concerns in the third phase of small business innovation research programs described in section 9(e)(4)(C) of the Small Business Act, including a systematic evaluation of the techniques adopted by Federal agencies to foster commercialization;

(3) an analysis of the extent to which awards under small business innovation research programs are made pursuant to section 9(k) in cases in which a program solicitation receives only 1 proposal; and

(4) the results of periodic random audits of the extramural budget (as defined in section 9(e)(1) of the Small Business Act) of each such Federal agency.

SEC. 6. EXPANSION OF SMALL BUSINESS INNOVATION RESEARCH PROGRAM FOR DEFENSE RESEARCH AND DEVELOPMENT ACTIVITIES.

(a) EXTENSION OF DURATION OF PROGRAM.—The Small Business Innovation Research Program, as defined in subsection (h), shall apply to the Department of Defense (including the military departments) as if section 5 of the Small Business Innovation Development Act of 1982 (15 U.S.C. 638 note) were amended by striking "October 1, 1993" and inserting "October 1, 2000".

(b) REPEAL OF EXCLUSION OF CERTAIN DEPARTMENT OF DEFENSE ACTIVITIES.—Section 9(e)(1) of the Small Business Act (15 U.S.C. 638(e)(1)) is amended by striking "except that for the Department of Defense" and all that follows through "development, and".

(c) REPEAL OF EXCLUSION OF CERTAIN DEPARTMENT OF ENERGY ACTIVITIES.—Section 9(f) of the Small Business Act (15 U.S.C. 638(f)) is amended—

(1) by striking "(1)"; and

(2) by striking paragraph (2).

(d) INCLUSION OF CERTAIN INTELLIGENCE ACTIVITIES.—Section 9(e)(2) of the Small Business Act (15 U.S.C. 638(e)(2)) is amended by striking "any agency within the Intelligence Community (as such term is defined in section 3.4(f) of Executive Order No. 11333 or its successor orders)" and inserting "any agency for which funds are provided through the National Foreign Intelligence Program (as such term is defined in section 3.4(g) of Executive Order No. 11333, or its successor orders)".

(e) PERCENTAGE OF REQUIRED EXPENDITURES FOR SBIR CONTRACTS.—The Small Business Innovation Research Program shall apply to the Department of Defense (including the military departments) as if section 9(f)(1) of the Small Business Act (15 U.S.C. 638(f)(1)) were amended by striking "1.25 per centum" each place such term appears and inserting "2.5 percent", with respect to fiscal years after fiscal year 1992.

(f) INCREASE IN ALLOWABLE AMOUNT OF AWARDS.—The maximum amount of a contract that the Department of Defense (including the military departments) may award under the Small Business Innovation Research Program in the first phase of a particular small business innovation research project may not exceed $75,000. Notwithstanding the preceding sentence, the Administrator may permit the award of contracts described in that sentence in an amount that exceeds $75,000 if the Administrator determines that such an exception would be consistent with the purposes of the Small Business Innovation Research Program.

(g) ENCOURAGEMENT OF COMMERCIALIZATION UNDER SBIR PROJECTS.—The Small Business Innovation Research Program shall apply to the Department of Defense (including the military departments) as if subparagraphs (A), (B), and (C) of section 9(e)(4) of the Small Business Act (15 U.S.C. 638(e)(4)) were amended to read as follows:

"(A) a first phase for determining, insofar as possible, the scientific and technical merit and feasibility of ideas that appear to have commercial potential (as described in subparagraph (C)) and that are submitted pursuant to SBIR program solicitations;

"(B) a second phase, to further develop proposed ideas which meet particular program needs, in which awards shall be made based on the scientific and technical merit and feasibility of the idea as evidenced by the first phase and by giving consideration to factors relating to the commercial potential of the ideas including,—

"(i) whether or not the idea is proposed by a small business concern that has been successful in the commercial application of SBIR research;

"(ii) whether or not there are commitments for contributions to second phase funding of the idea;

"(iii) whether or not there are third phase, follow-on commitments for the idea; and

"(iv) whether or not the idea has other qualities indicating commercial potential; and

"(C) where appropriate, a third phase in which non-Federal capital pursues commercial applications of the research or research and development and which may also involve follow-on, non-SBIR funded awards with a Federal agency for products or processes intended for use by the United States Government and which is a continuation of research or research and development that has been competitively selected using peer review or scientific review criteria established pursuant to subparagraphs (A) and (B).".

(h) SBIR PROGRAM DEFINED.—For purposes of this section, the Small Business Innovation Research Program is the program established under the following provisions of section 9 of the Small Business Act (15 U.S.C. 638):

(1) Paragraphs (4) through (7) of subsection (b).

(2) Subsections (e) through (k).

(i) EFFECTIVE DATE.—This section, and the amendments made by this section, shall become effective on October 1, 1992, and shall apply with respect to fiscal years after fiscal year 1992.●

● Mr. KASTEN. Mr. President, I rise today to join the distinguished senior Senator from New Hampshire [Mr. RUDMAN] in cosponsoring the Small Business Innovation Development Amendment Act of 1992, S. 2941, a bipartisan bill to authorize the continuation of the Small Business Innovation Research [SBIR] Program. As the leading player in the implementation of the SBIR Program in 1982, I am glad to see that Senator RUDMAN is involved again and is committed to ensuring the extension of this successful program. I commend the Senator on his efforts.

Through SBIR funding, small business entrepreneurs are given the opportunity to take risks, to be innovative, and to develop new ideas into commercial products. But most importantly, more jobs are created and spur investment. This program has proven effective in expanding economic growth, encouraging minorities and others to participate in technological innovation, and improving our international competitiveness.

The program is designed to fund research and development projects to strengthen the R&D role of small businesses. Eleven Federal agencies solicit research needs and invite small businesses to submit proposals. The program consists of three phases and grants are awarded as follows: phase I provides up to $75,000 to begin research and discover the feasibility of an idea; phase II provides up to $500,000 to further develop the idea; and phase III leads the new technology to commercialization. The goal of the program is to bring the newly developed products to the private-sector market.

The popularity of the SBIR Program has been gaining speed since its enactment, evidenced by the dramatic increase in awards over the past 8 years. Last year, in my home State of Wisconsin alone, 22 small businesses received SBIR awards totalling over $5 million.

Small businesses are the Nation's No. 1 job creator—the fuel that keeps our economic engine running. That's why we need to support and create incentives for small businesses like the SBIR Program, to further their growth and development and maintain a strong position in the international high-technology market.

Mr. President, as a cosponsor of the Small Business Innovation Development Amendment Act of 1992, I am committed to advancing the SBIR Program. I am also proud to recognize the 22 Wisconsin companies that were awarded SBIR awards in 1991:

Knight Hollow Nursery, Inc.
EXTREL-FTMS, Inc.
Stresau Laboratory, Inc.
Thermal Spray Technologies, Inc.
Rose Plastics & Machinery, Inc.
Parkview Research & Development, Inc.
Raised Dot Computing, Inc.
Orbital Technologies Corporation
Micro-Optics Technologies, Inc.
Midwest Research Technologies, Inc.
LocUS, Inc.
Biotronics Technologies, Inc.
BioInterface Technologies, Inc.
Bio-Technical Resources, Inc.
DNASTAR, Inc.
Genetic Visions, Inc.
Markwell Medical Institute, Inc.
Light Sculpting, Inc.
Advanced Motion Control, Inc.
Promega Corporation
Ophidian Pharmaceuticals, Inc.
R.G. Brown & Associates

Mr. President, I look forward to working with Senator RUDMAN and others to see that this outstanding pro-

gram is extended. And I hope my colleagues will be encouraged to join me.●

● Mr. HATFIELD. Mr. President, I am pleased to join my good friend from New Hampshire, Senator RUDMAN, in this effort to reauthorize the Small Business Innovation Research [SBIR] Program. As a cosponsor of the original enacting legislation, it is especially satisfying for me to rise today with Senator RUDMAN, the primary sponsor of the bill that established the SBIR Program in 1982, to reauthorize a program that in its 10 short years has been productive beyond anyone's expectations.

Despite its size, the SBIR Program has shown tremendous success in all areas. According to the General Accounting Office, the $1 billion Government investment in the SBIR Program from 1984 to 1987 generated over $1 billion in economic benefits. It is important to point out that this $1 billion gain has taken place while the Federal Government simultaneously fulfilled its research and development needs.

As most of my colleagues are aware, the SBIR Program directs Federal agencies with research and development budgets in excess of $100 million to devote 1.25 percent of those dollars to a Small Business Innovation Research Program. The program's mission is to solicit promising innovative research proposals on a competitive basis from small businesses. The SBIR Program divides the competitive grant process into three stages, leading ultimately to commercialization through sales to the private sector or the Federal Government. The legislation we introduce today reauthorizes and expands the current program by gradually increasing the percent of agency R&D from 1.25 percent to 2.5 percent.

Over 20,000 SBIR proposals are received each year, many more than were originally envisioned. Although 11 Federal agencies participate in the SBIR Program, over 90 percent of all SBIR funds come from 5 of them, including the Department of Defense [DOD], the National Aeronautics and Space Administration [NASA], the National Institutes of Health [NIH], the Department of Energy [DOE] and the National Science Foundation [NSF]. Each of these agencies directly manages its own SBIR Program. The Small Business Administration [SBA] operates as a central policy coordinator and monitor of the program.

Oregon, with more small businesses per capita than any other State, is truly the Small Business State. In Oregon, 9 out of 10 businesses are small businesses. Small businesses are the backbone of Oregon's economy today, and they are the hope for its economy tomorrow. For example, of the 44,929 jobs created in Oregon between 1984 and 1988, small businesses created 125 percent, large firms having lost jobs.

Oregon has also been the beneficiary of the SBIR Program's investment in innovation. To share just one example of how this program is working in my State, next week I will visit Ontario, OR, to review a mechanical straw mulching machine invented by small business owner and innovator, Joe Hobson.

Mr. Hobson's experience is illustrative of the success of thousands of small business entrepreneurs across this country. Since his initial SBIR application to the U.S. Department of Agriculture on August 30, 1989, Mr. Hobson has completed the phase I stage of the process and is now in phase II and is moving rapidly toward commercialization.

The genius of the SBIR Program lies in its recognition that small businesses represent our greatest, largely untapped source of innovators. Joe Hobson's idea shows the wisdom of this approach. His machine is a mechanical straw mulching machine. It spreads straw over a freshly tilled field. While this idea may appear simple, it may be one of the keys to solving a number of problems confronting my State.

Initial reviews have shown that this mulching machine reduces soil erosion by up to 90 percent, reduces phosphorus runoff by 70 percent, and nitrogen runoff by 50 percent. But of greater importance in this time of low rainfall and scarcity of adequate water—not only in Oregon, but globally—this mulching machine may allow farmers to sufficiently water their crops using 50 to 60 percent less irrigation water.

As I said, Mr. President, this is just one small example of hundreds in my State and just one of thousands across this country. The potential of this program is as broad as the imagination. The program's appeal is demonstrated in part by the fact that it has received the attention of countries, such as Japan, Germany, Italy, Great Britain, and Canada. The General Accounting Office has issued reports very favorable for the program.

I should also point out, Mr. President, that in addition to this measure, I am today also introducing the Small Business Penalty Relief Act of 1992. This bill will modify the SBA 503 loan program, which now operates to deny small business borrowers the opportunity to refinance loans in order to grow and expand.

Mr. President, again, I am pleased to join with Senator RUDMAN in introducing this legislation and look forward to its swift passage.●

Mr. KENNEDY. Mr. President, it is an honor to join Senator RUDMAN and others in sponsoring this bill to reauthorize and expand the Federal Small Business Innovation Research Program.

The SBIR Program originated in the 1970's in a National Science Foundation authorization bill which I was privileged to sponsor. That measure authorized a modest experiment using small, high technology companies in merit-based competitions to meet research goals set by the NSF. The first 40 phase I awards made in 1976 by NSF were chosen from about 400 proposals. Last year, more than 2,300 Phase I awards were made by eleven agencies from about 25,000 proposals.

Every part of the country has benefited directly and indirectly from this program. In Massachusetts, we are blessed with many of the small entrepreneurial technology-based companies which compete for SBIR awards. The expansion of SBIR will enable more States to improve the technology component of their small business sectors and enhance economic development.

This bill will not add to the Federal outlays or the deficit. It will simply redirect a small share of the research effort over a multiyear period.

Ten years ago, the success of the NSF experiment led the Congress to expand the program to every executive branch agency which spends at least $100,000,000 a year on extramural research—work done outside the Government.

Senator RUDMAN and I spearheaded the bipartisan effort in 1982 that led to that expansion. There was little opposition in Congress, and Senator RUDMAN was effective in persuading President Reagan to overrule some of his advisors and to support the measure. This month—on July 22—we will celebrate the 10th anniversary of the signing of that law. The Congress last extended it in 1986. If we do not act, it will expire on September 30, 1993.

Throughout the past decade, this program has quietly and successfully met needs for innovation in defense, health and medicine, energy, space, agriculture, materials, and many other fields where small business can make a substantial contribution. In April this year, the newly formed Academy of Technology Entrepreneurs and Innovators presented an impressive exhibit in the Senate and the House of more than 90 examples of SBIR-sponsored work done by more than 30 companies. A descriptive guide is being sent to all Senators and Congressmen.

The measure that Senator RUDMAN has crafted with bipartisan support does more than reauthorize this program for an additional 7 years. It emphasizes that commercialization—broadly defined to include the Government's own need for technological advances—is the key goal of this program. The share of the 11 agency research and development budgets for the SBIR Program will be increased by .25 percent a year under this bill. The share will grow from the current 1.25 percent to 2.5 percent by fiscal year 1998. This modest increase will build on the enormous success of SBIR and draw more companies and promising technologies into the program.

One of the best features of the SBIR program is the collaborative effort it

encourages between small companies and universities, and between small companies and large companies. As the intensity of world technological competition increases, this Federal program can enrich the entire industrial innovation process.

It is also a program in which the Senate as a whole can take pride. More than 90 Senators sponsored the original SBIR bill 10 years ago. Fifty-five of us are still in the Chamber, and we have been joined in the Senate by 10 others who sponsored the original bill in the House.

The House is close to final action on this legislation, and I hope that we will be able to bring it to the Senate floor quickly. This has always been a bipartisan, noncontroversial subject in the Senate. Let us work to keep it so.

Fifteen years ago, the first conference to explain the new SBIR Program to small business people was held here in Washington. At that meeting, I drew on the comic strip "Peanuts" to highlight the history of Federal neglect of technological entrepreneurs and their small businesses. The Federal Government had been like Lucy in the comic strip, holding the football for Charlie Brown to kick, and then pulling it away so that he always took a humiliating fall. Small business was Charlie Brown. The football was a reasonable role in research and development procurement for small business. Well, the SBIR Program was one research and development program that we gave small business a fair chance to "kick"—and they've put it right through the goal post.

Unfortunately, some executive branch agencies are still playing the old game. It was clearly Congress' intent in 1982 for the SBIR program to expand the use of small business, not merely shift small business utilization from other R&D procurements into SBIR. Yet, as the SBIR Program has grown, agencies have reduced their use of small businesses in other R&D efforts, outside of SBIR accounts. This reauthorization is designed, in part, to remind the agencies that SBIR is to be in addition to appropriate use of small companies in other research and development programs.

The entire country will benefit from our giving this proven program a chance to do even more. I urge my colleagues to support this important legislation.

By Mr. HATCH (for himself, Mr. COATS, Mr. GARN, Mr. KASTEN, Mr. NICKLES, and Mr. SEYMOUR):

S. 2942. A bill to institute accountability in the Federal regulatory process, establish a program for the systematic selection of regulatory priorities; to the Committee on Governmental Affairs.

REGULATORY ACCOUNTABILITY ACT

Mr. HATCH. Mr. President, today on behalf of myself and Senators COATS, GARN, KASTEN, NICKLES, and SEYMOUR, I am introducing the Regulatory Accountability Act of 1992. This legislation is designed to make the Federal regulatory process more accountable and to establish a program for the systematic selection of regulatory priorities.

Jean Baptiste Colbert once said:

The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least amount of hissing.

Well, Mr. President, the government has found a way to pluck the goose by increasing the burdens on its citizens without voting for tax increases: Federal regulation.

Federal regulation is a hidden tax. The costs of compliance and the costs of enforcement are necessarily passed on to the American families.

For example, if to comply with a regulation a company has to purchase a new scrubber system for a smokestack at a cost of $2 million, the consumers of products produced by that factory will pay more.

If other regulations force that same company to spend another $4 or $5 million on special packaging and to hire extra staff to comply with the paperwork requirements that document compliance with those regulations, the prices of its goods will rise again to absorb these added costs. This additional staff is nonproductive since they do not contribute to the production or distribution of economic goods or services. Of course, if the market in which that company competes cannot bear these extra costs, then the company may even be forced to go out of business.

These regulatory costs steal valuable resources from other sectors of that firm: research and development, upgrading equipment and facilities, and hiring productive staff to produce goods and services.

Mr. President, these are not unrealistic examples. There are countless indicators of costly regulation adversely affecting business, both large and small throughout this Nation. In Utah, job growth relies heavily on a spirit of entrepreneurship that is reflected in the creation of small businesses statewide. Unfortunately, Federal regulation often hits these small businesses the hardest. Many of these small businesses, for the first few years of existence, operate on a shoestring and make just enough to continue paying their operating costs. Regulation steals these valuable funds for compliance, making business starts more difficult and threatening the ability of small business to succeed.

As I examined the costs and effects of regulation, I went to some people who actually have to live with rules created here in Washington—the people of Utah. I asked businesspersons how regulation affected them, and I received some very clear responses. In addition, I have also been contacted by elected officials in Utah's small towns who are frustrated with a Federal Government that not only interferes in local decisionmaking, but also that provides no means to pay for compliance with the regulations the Federal Government mandates.

I recently received a letter from Mr. Don Gallent, the president and chief executive officer, and Mrs. Loretta Gallent, chairman, of Digitran Simulation Systems. Mrs. Gallent founded this company and, together with her husband, operates an international organization from Logan, UT, that successfully markets products around the world.

They have told me that the effects of Government regulation on American business are many. While some of these regulations may serve to help a few selected industries, by and large, the effect on most businesses is negative. When the hand of government weighs heavily upon us, it stifles our ability to create, to grow, and, indeed, to even exist.

Mr. President, I believe that Mr. Frank Shaw, manufacturing services manager of National Semiconductor of West Jordan, UT, has hit the issue directly on target when he states, "National Semiconductor fully supports the intent of all health, safety, environmental, and employment regulations. These requirements establish a sound foundation for good business policies. However, just as our manufacturing process must continually be improved for us to remain competitive in a world market place, the procedures and cost of regulation compliance must also be improved and simplified."

Mr. President, we continue to regulate new burden on top of new burden on business, regardless of the costs or number of jobs lost. Yet ironically, we expect these same businesses to get back on their feet and drag along our economic recovery!

Mr. President, let me share a few of the experiences of Utah's small towns.

Stockton, UT, has a population of approximately 440. These Utahns work hard, and they don't have a lot of money to spare. This small town has been trying to come to grips with the Americans with Disabilities Act and the costs to comply with the regulations.

Mayor Elden Sandino writes, "We support these regulations in theory and are willing to do what we can to abide by them. Unfortunately, like most small towns in the State of Utah, we are very limited in our funds and feel if these regulations are to be imposed on us, some kind of Federal or State funding or grant also needs to be addressed."

Mr. President, these people have very real problems that need to be ad-

dressed, for when Government uses outside funds to achieve its purposes, someone else must pay for it. Who is going to provide the funds for remodeling public buildings in Stockton and other small Utah towns? Additionally, how are very small businesses located in these areas going to find the funds to pay for compliance with regulations?

Two other small towns in Utah, Fountain Green and Enoch, are struggling to decide who is going to pay for provisions of the Clean Water Act that would require them to install expensive sewer systems. Fountain Green has discovered that, to satisfy the regulations implementing this statute, the town would have to borrow $2.1 million to install a new sewer system for 250 users. They have concluded that they would have to charge each resident $35 per month for 20 years just to pay back the loan. This does not include the cost of operating the facility and the residents' usual water bills. The town of Enoch would be forced to charge each resident $54.67 per month over a 20-year period on a $6.5 million loan for its new sewer system.

Mr. President, these amounts may not seem large to us; but, to the residents of rural Utah, these costs are tremendous. New regulation on top of new regulation is burdening these Utahns beyond belief, and they want to know why. They want to be sure the benefits of a new regulation will justify its cost.

Mr. President, there are benefits to certain regulations. I am not arguing that all regulations are bad or unnecessary. Regulation, used properly, is a positive tool that can provide the American people with some protection against the bad actors in our society.

But, there are some regulations that have not been reviewed in decades. Some regulations have become inflexible and inefficient given rapid changes in the American economy, the development of new technologies, and increased competition in the global marketplace. Instead of regulating more, instead of filling out additional forms and conducting more and more audits, it is time to regulate smarter.

THE HIDDEN TAX

How many of us truly realize the staggering burden the hidden tax of regulation is placing on each and every American household? How many of us truly comprehend what the cost of government regulation is and how these costs affect our economy?

In a recently published report entitled "The Costs of Federal Regulation," Prof. Thomas Hopkins of the Rochester Institute of Technology provides some very startling information regarding the overall cost of government regulation. He estimates that currently the United States spends over $400 billion each year on the entire spectrum of government regulation and compliance with promulgated rules. Professor Hopkins concludes that given the current rate of growth, regulatory costs could easily balloon to over $600 billion per year by the year 2000. These staggering amounts do not even include State and local regulation. The average American household picks up this tab through higher prices, decreased product selection, increased paperwork, lost time, job loss, and other costs of compliance.

Mr. President, this cost does not show up on any government ledgers. It does not appear in any withholding category on a paycheck stub. But in all, according to Professor Hopkins, this hidden tax in 1988 accounted for over $4,100 per household and has been on the rise since. By comparison, the average Federal tax burden for an American family during that same time was under $4,000, according to the Bureau of Labor Statistics Consumer Expenditure Survey, 1988–89.

Mr. President, there are some on both sides of the aisle who are shaking their heads in disbelief. I did the same thing when I first saw these figures. But report after report supports the fact that regulatory costs are both substantial and on the rise. Esteemed economists such as Prof. Murray Weidenbaum, of Washington University in St. Louis and former chairman of the Council of Economic Advisors from 1981–82; Dr. Ronald Utt, vice president of the National Chamber Foundation; Robert Hahn, adjunct professor, Carnegie Mellon University; and John A. Hird, assistant professor of political science and research associate, University of Massachusetts have all concluded studies that build on each others' work and support this startling picture. Imagine, over $400 billion spent in complying with Federal regulation.

The economic impact of most regulations is never studied because they are considered relatively minor. By minor, I mean that the agency estimates the cost of implementing the regulation to be under $100 million. However, the cumulative effect of these so-called minor regulations can be staggering. For example, in the October 1991 edition of the Unified Agenda of Federal Regulations only 102 of 4,863 regulatory entries had a regulatory impact analysis either finished or in the process of completion. How much do the other 4,761 cost?

Mr. President, add up the costs of 10, 20, 50, or 100 of these regulations at just $100 million apiece, and you end up with a monstrous burden. For example, implementation of new regulations in just one area are expected to significantly increase compliance costs in 1992. Professor Robert Hahn has estimated that, in 1992 alone, the compliance costs associated with environmental regulation will increase by $70.5 billion over 1991 costs.

Mr. President, in the Regulatory Program of the United States Government, April 1991 through March 1992, the Office of Management and Budget outlines general guidelines each agency should apply to pending regulations so that new rules will be the most beneficial and the most efficient. This report also stresses the need for accountability. However, these are only guidelines and are difficult to enforce.

Government must take responsibility for this hidden tax of regulation. It is time to be honest with the American people. We simply cannot continue to turn our heads and pretend this cost does not exist. It does.

The level of public interest in regulatory policy was confirmed in a recent poll compiled by Penn & Schoen Associates, Inc., on March 30, 1992, just after the President's 90-day moratorium was announced. When asked whether or not the country currently has a lot of unnecessary and costly regulations, 83 percent answered yes.

When asked if Congress and agencies adequately considered the impact of regulations on jobs, 71 percent said no.

Another question revealed very interesting results. When asked if Congress and Federal agencies currently adequately consider how much the regulations will cost consumers, 82 percent answered no.

Obviously, Mr. President, shifting the public policy agenda from direct spending (which we cannot afford) to regulatory requirements (so we can get business and individuals to pick up the tab) is not fooling anyone!

THE REGULATORY ACCOUNTABILITY ACT OF 1992

For these reasons, Mr. President, I am introducing the Regulatory Accountability Act of 1992.

Especially during this period of economic recovery, it is time to take control of this sky-rocketing burden. It should be the task of this Congress, starting with this Senate, to take responsibility for setting guidelines. And, we must force each promulgating agency to account for the entire impact of a pending regulation. And we must make certain that the American people receive the greatest benefit in the most cost-effective and efficient manner.

This legislation places a 3-year cap on the overall costs of regulation. Under this cap, in order for a new regulation to go into effect, the agency would be required to offset any new costs by equal regulatory savings—achieved through revoking or revising existing regulations, trimming and streamlining the paperwork burden, or by any other regulatory offsets. After a regulation has undergone this offsetting process, it may then be promulgated. During this time, agencies promulgating new rules would be required to study the entire cost of compliance and outline effective alternative approaches.

Nothing in this legislation would prohibit an agency from issuing a new rule. However, unless the President de-

clares that the rule is needed to address an emergency, before a new regulation could be issued the agency would have to offset the cost of the new rule by revoking or reversing already existing rules.

The revisions and revocations to existing regulations could be on a rule issued by that agency or by another agency of the Federal Government. The President would be responsible for coordinating these interagency offsets. If the President believes the rule cannot wait to be implemented, and declares an emergency need for the rule, the requirement to offset the costs could be delayed until the necessary research and coordinating action could be considered. However, the President would be required to set a deadline for compliance with the statute.

Now, what would this mean for future regulatory policy?

Essentially this: New regulations must be prioritized. Agencies will only promulgate the most important new rules. This bill will promote more effective and efficient regulation and accountability.

The act would sunset in 3 years. This period will give American enterprise the opportunity to grow without an increasing regulatory burden. Resources that otherwise would go for compliance with new regulations would be available for research and development, new jobs, and investments in plant and equipment.

Also, this act will provide relief to the American people—a chance to see exactly what their hard-earned money is paying for before some unseen regulatory hand in Washington digs into their pockets again.

CONCLUSION

Mr. President, I believe a leaner, more effective regulatory policy will grow from this legislation. Nothing in this act would prohibit the promulgation of new, necessary protections. Rather, we are simply giving the American people the ability to understand what they are receiving for their hard-earned money and the power to control the hidden tax they are being forced to pay.

Mr. President, this legislation will ensure that the hidden tax is not an irresponsible tax. I urge my colleagues to seriously consider this legislation and to go home and ask their constituents what they think of this idea.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, as well as the letters I have received from Mr. and Mrs. Gallent, Mayor Sandino, and Prof. Thomas Hopkins.

Mr. President, I also ask unanimous consent that an article by Robert Genetski from the Wall Street Journal of February 19, 1992, be printed in the RECORD.

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

S. 2942

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Regulatory Accountability Act of 1992".

SEC. 2. CONGRESSIONAL FINDINGS AND STATEMENT OF PURPOSE.

(a) FINDINGS.—The Congress finds and declares that—

(1) the overall cost of Federal regulation in the United States has risen to well over $400,000,000,000 per year;

(2) this regulatory burden is paid by individual citizens and their families in the form of a "hidden tax" because intermediaries have no options that do not pass these expenditures to individuals;

(3) the most recent data reveals that the "hidden tax" paid by the citizens of this Nation now exceeds $4,100 annually for each household;

(4) left unchecked, this "hidden tax" will increase by 50 percent between now and the year 2000; and

(5) it is in the best interests of the American people to have the Federal Government devise a systematic way to account for the new regulatory costs that taxpayers are forced to absorb and to have this financial burden better controlled.

(b) PURPOSE.—It is the purpose of this Act to establish that each agency shall, as a mandatory requirement for the issuance of—

(1) any proposed regulation—

(A) thoroughly assess and document the anticipated benefits, reasonable alternative approaches, and all foreseeable compliance costs of each approach; and

(B) assess, and include in all proposed regulatory actions, a range of possible offsets for the costs; and

(2) any final regulation—

(A) have selected the most cost-effective alternative; and

(B) for a period of 3 years following enactment, have fully offset all foreseeable costs through revocation or revision of one or more existing regulations.

SEC. 3. DEFINITIONS.

For purposes of this Act—

(1) the term "agency" has the same meaning given such term in section 3502(1) of title 44, United States Code, excluding those agencies specified in section 3502(10) of title 44, United States Code; and

(2) the term "regulation" or "rule" means any agency statement of general applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the procedure or practice requirements of an agency, but does not include—

(A) administrative actions governed by the provisions of sections 556 and 557 of title 5, United States Code;

(B) regulations issued with respect to a military or foreign affairs function of the United States; or

(C) regulations related to agency organization, management, or personnel.

SEC. 4. MANDATORY REQUIREMENT FOR THE ISSUANCE OF NEW REGULATION.

In taking any regulatory action, each agency shall strictly adhere to the following requirements:

(1) Administrative regulatory decisions shall be based on substantial evidence on the public record documenting—

(A) the ability of an action to result in specific, reasonably anticipated benefits;

(B) all alternative regulatory approaches, including performance-based approaches, that will result in the benefits documented under subparagraph (A); and

(C) all foreseeable costs that can reasonably be expected to flow, directly or incidentally, from each approach documented under subparagraph (B).

(2) No final regulatory actions may be taken unless the specific benefits resulting from a specific regulatory approach documented under paragraph (1) clearly outweigh the costs documented under paragraph (1).

(3) Agencies shall—

(A) for all proposed new regulatory actions that will generate any cost, propose a range of possible revisions to, or revocation of, one or more existing regulations, that can reasonably be expected to fully offset the reasonably anticipated costs of such proposed regulatory action; and

(B) fully offset the costs documented under paragraph (1) through revision to, or revocation of, existing Federal regulation.

SEC. 5. EXEMPTION.

The requirements of section 4(3) shall not apply in the case of regulatory actions for which the President includes in the Federal Register, accompanying the regulatory action, a statement of waiver that fully outlines the reasons and needs for waiving the requirements of section 4(3) because of emergency need for such specific regulatory action and includes a timetable for satisfying the requirements of section 4 at the earliest possible date thereafter.

SEC. 6. INDEPENDENT EVALUATION.

(a) IN GENERAL.—Three years following the date of enactment of this Act, the President shall provide for independent evaluation of the regulatory process and the effect of regulations on the different areas of the economy, including—

(1) business startups and viability;

(2) employment, including job creation, compensation, and employment of foreign nationals by United States firms;

(3) international trade and competitiveness with foreign entities;

(4) research and development;

(5) impact on State and local governments; and

(6) direct Federal spending for enforcement of regulations.

(b) STUDY FOCUS.—The evaluation required by this section shall also include a study of—

(1) the effect of the regulatory cost cap imposed by this Act;

(2) the methodologies used by regulatory agencies to estimate the cost of a rule or regulation; and

(3) the use of alternative regulatory approaches described in section 4(1)(B).

(c) OMB.—The Office of Management and Budget shall carry out the provisions of this section.

(d) FUNDING.—Notwithstanding section 1346 of title 31, United States Code, the President is authorized to transfer up to $50,000 from the funds available to any agency for administrative purposes to the Office of Management and Budget for the purpose of carrying out this section.

SEC. 7. EFFECTIVE DATE; SUNSET PROVISION.

(a) EFFECTIVE DATE.—The provisions of this Act shall take effect upon the date of enactment of this Act, except that the effective date for regulations or rules promulgated pursuant to a law enacted after the date that is 2 years before the date of enactment of this Act and not later than the date of enactment of this Act shall be 6 months after the date of enactment of this Act.

(b) SUNSET.—The requirements of section 4(3) shall cease to have effect on the date that is 3 years following the date of enactment of this Act.

DIGITRAN SIMULATION SYSTEMS,
Logan, UT, May 28, 1992.

Hon. ORRIN G. HATCH,
U.S. Senator, Russell Senate Office Building, Washington, DC.

DEAR SENATOR HATCH: The effects of government regulation on American businesses are many. While some of these regulations may serve to help a few select industries, by and large, the effect on most businesses is negative. When the hand of government weighs heavily upon us, it stifles our ability to create, to grow, and, indeed, to even exist.

A good example of this is an incident which recently took place involving our company. Last year, Digitran undertook the necessary procedures to be listed on the National Association of Security Dealers Automated Quotation System (NASDAQ). What should have been a relatively easy listing procedure turned into a nightmare when we learned that the Securities and Exchange Commission, acting under the mandate of the Penny Stock Reform Act of 1990, had changed the listing rules.

Suddenly we were required to have between two and five million dollars in net tangible assets and a five dollar per share stock price. Under these new regualtions, if our stock ever fell below that $5 per share price, our company and any broker dealing with our stock would be penalized severely. These regulations have a rippling effect of great consequence. To begin with, no broker in his right mind would touch a company's stock that couldn't be maintained above five dollars. This in turn would slam the door on capital formation. Without capital, the company would be unable to grow, growth necessary to meet the five dollar per share price. Without capital and without growth, the company would die.

As the creator of most new jobs and economic prosperity in this country, small business needs a friend in government. The current adversarial relationship between business and government is detrimental to the very growth for which both are seeking.

The story is told of a new car traveling the backroads of Brazil in the early part of this century. This car with its large body and powerful engine took the hills and valleys of the country with ease until it encountered a cloud of migratory butterflies. One by one the tiny butterflies were pressed against the radiator of the car until no more air could be circulated, the engine overheated, the car stopped.

Like this car, American business has been tied down with excessive rules and regulations which have effectively stifled the spirit of the free enterprise system. I find it ironic that the very country we criticize most in fits of economic jealousy, is known by the term of Japan Inc. Japan's government-business relationship is one of friendship and cooperation. While its foreign trade practices may be irritating and frustrating, there is no question as to the value Japan places on her businesses. No less frustrating is the fact that members of Congress will verbally flail Japan one day and the next day enact dozens more business regulations which only make American business weaker and less competitive.

We look to you and the other members of Congress for relief of this situation. America's competiveness problem will not be fixed by turning to the workplace, the schools, or even Japan. It will have to be resolved in the United States Congress.

Sincerely,

DON GALLENT,
President and CEO.

LORETTA GALLENT,
Chairman.

TOWN OF STOCKTON,
Stockton, UT, October 25, 1991.

Re ADA Regulations.

Senator ORRIN G. HATCH,
125 South State Street, Room 3438, Salt Lake City, UT.

DEAR SENATOR HATCH: We, recently received a copy of the ADA Regulations from the League of Cities and Towns and would like to address some of our concerns.

We support these regulations in theory and are willing to do what we can to abide by them. Unfortunately, like most small towns in the State of Utah, we are very limited in our funds and feel if these regulations are to be imposed upon us, some kind of Federal or State funding or grant also needs to be addressed.

Our building does have a ramp access in the rear, however our restrooms are down stairs. Our building used to be an elementary school and the stairs and stalls in the restrooms are rather small. Making these facilities handicap accessible would be a major undertaking and very costly. The Town Board has discussed the matter and has decided it would be feasible to rent a handicap accessible portable toilet for times when many people would be using the building (such as elections) but don't know if this would be an acceptable solution.

We would appreciate these concerns being addressed for small towns in Utah.

Respectively,

ELDEN SANDINO,
Mayor.

ROCHESTER INSTITUTE OF TECHNOLOGY,
Rochester, NY, April 28, 1992.

Senator ORRIN G. HATCH
Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

DEAR SENATOR HATCH: Thank you for the opportunity to review draft legislation entitled "Regulatory Accountability Act of 1992."

It is clear to me that regulatory costs are not now adequately monitored and controlled. In my judgment, the bill directly and effectively addresses this troublesome weakness in our current regulatory system. I believe it warrants the Senate's serious consideration.

Sincerely,

THOMAS D. HOPKINS,
Arthur J. Gosnell Professor of Economics.

[From the Wall Street Journal, Feb. 19, 1992]

THE TRUE COST OF GOVERNMENT

(By Robert Genetski)

President Bush showed he had some understanding of problems of the economy when he announced his 90-day freeze on regulation in the State of the Union address. But it is clear that Mr. Bush hasn't grasped the full extent to which regulation has added to the burden that taxes impose on the economy. Regulation's effect on the economy can be every bit as damaging as the effect of taxes. Even though Americans have not seen it in their pay stubs, they have borne the equivalent of growing tax burdens. And tax burdens have climbed as dramatically during his watch as they have under any other president.

The table shows the combined tax and regulatory burden that has been placed on American businesses and workers in recent years. The numbers refer only to increases over and above whatever was imposed the previous year. For example, a new tax of $25 billion in year one that continues to bring in $25 billion each year thereafter is listed as $25 billion in year one and nothing thereafter. Only if the tax is increased above its initial level is the increase presented in a subsequent year.

HIDE BURDEN

In a few cases, Congress and the administration have decided to hide the true burden of government programs by ordering businesses to spend the necessary money to comply with certain edicts. But ordering companies to spend $25 billion to fulfill a public need does not mean that the public has avoided a $25 billion tax. Businesses today earn only 4 cents in profit for every dollar of sales. When a businessman receives the bill for a mandated benefit, the business must reorganize its operations in order to survive. This often means layoffs, plants closing and other cost-cutting moves. Companies that are not able to cut cost sufficiently to pay for the additional burdens are forced to close entirely.

The Clean Air Act and the Americans with Disabilities Act represent two of the largest hidden tax burdens to hit the economy in 1991 and 1992. In both of these cases, the administration and Congress appear to have seriously underestimated the cost of compliance with these acts. Both of these acts are worded so vaguely that the regulatory bodies have raised the cost of compliance far above the official figures. The numbers presented in the accompanying table are conservative estimates.

The official estimate for complying with the Clean Air Act was put at roughly $25 billion per year. Nongovernmental estimates of the cost of complying with the act range as high as $100 billion per year. The table shows a compromise compliance cost of $25 billion in new compliance expenditures for 1991 and an additional $25 billion for 1992.

It appears too that the cost of complying with the Americans with Disabilities Act will be staggering. The disabilities act was supposed to cost $2 billion annually, but depending on how aggressively it is implemented, the cost of compliance could easily amount to at least $20 billion a year for the next five years.

Based on an early sample of plans to alter office buildings to comply with the Americans with Disabilities Act, the cost of compliance appears to be close to $5 per square foot. This figure does not take into account all possible modifications, but just those that are deemed "reasonable."

There are an estimated 180,000 square feet in an average office building. This places the cost of compliance at almost $1 million per building. There are an estimated nine billion square feet of office space in the nation, bringing the total compliance cost nationwide to $45 billion. And that's just for office space.

The American Hospital Association, a hospital lobby, estimates that its members will have to spend $20 billion to bring hospitals into compliance. We're already at $65 billion and counting—and that's before considering the costs for equipping trains, buses, restaurants, rental cars and public facilities.

In addition to the costs of complying with these mandates, there are legal and administrative costs to consider. In the case of the Americans with Disabilities Act vague terminology virtually assures billions of dollars per year in legal expenses. No attempt was made to estimate these legal and administrative expenses.

None of these calculations should be taken to suggest that it is somehow wrong or bad to spend money for cleaner air or to help the disabled. The list of worthy causes has no real limits. Unfortunately, there are definite limits to the amount by which tax and regulatory burdens can be raised without having a serious economic impact. The present economic situation strongly suggests that the push toward higher tax and regulatory burdens has had much greater costs in terms of lost jobs and weaker productivity than most people had assured.

Recent productivity trends clearly support the sense that something is wrong. But the problem is not the Americans are "lazy," as a Japanese politician has recently been quoted as suggesting. Part of the recent weakness in productivity can be attributed to the recession. Productivity tends to increase more slowly than normal during recessions and faster than normal during recoveries.

Still, adjustments can be made for cyclical developments. Judging from past experience, the magnitude of the current recession should have caused actual productivity to fall approximately 2% below a level consistent with a fully employed economy. After making such an adjustment, we see that it becomes readily apparent that U.S. cyclically adjusted productivity has deteriorated dramatically in recent years. The record of what we can call underlying productivity is convincing support for the widespread sense that America's economic problems are more fundamental than cyclical.

Each society has its fair share of workers and loafers. The extent to which those workers improve their productivity depends far more on the overall economic environment in which they operate than on their inherent intelligence or initiative. Tax burdens are an important determinant of that environment.

During the period from the late 1970s to 1981, productivity growth in the U.S. deteriorated dramatically as tax burdens rose. With the tax cuts of 1982–84, U.S. productity growth returned to its long-term average. Productivity rose by approximately 1.5% per year in the mid–1980s, and the nation experienced its longest peacetime expansion. More recently, the resumption of higher traditional and hidden tax burdens has again brought about a fundamental deterioration in the nation's productivity trend and a renewed sense of economic malaise.

After showing the rest of the world how lower tax rates could boost productivity and living standards, the U.S. regressed. Fortunately, the U.S. economy can revive. Layoffs can be brought to an end and productivity growth restored.

PAINFUL MEASURES

Many politicians have maintained that such a revival would mean painful measures. In a sense, they are right. A true revival would involve major cuts in traditional and hidden taxes to offset the increased burdens that have occurred. This, or course, would not be painful for most workers and businesses—they would keep more of their income. But it would be painful for politicians and, in some cases, those who benefit from regulation, such as the handicapped. Cuts in traditional taxes or in regulation would mean that politicians would be forced to recognize that there are effective limits to what public policy can accomplish.

In a democracy, the public seldom tolerates poor economic performance for very long. For those politicians who fail to recognize the limits to public policy, there will eventually be political costs as well.

Mr. GARN. Mr. President, today I am pleased to join my colleague from Utah in cosponsoring the Regulatory Accountability Act of 1992. This legislation is greatly needed to reduce the enormous weight of regulations imposed by the Federal Government.

Congress continuously passes legislation without giving much thought to the financial impact it will have on individuals and small businesses throughout this country. In recent years, Congress has passed two such bills that are now coming back to haunt us. The Americans With Disabilities Act and the Clean Air Act are now having a devastating effect on rural communities and small businesses. With these two bills, Congress was able to stand here proudly and say they were serving the best interests of the American people, while passing the financial burden of implementing the regulations onto local governments and American businesses. The communities and businesses then have no choice but to pass the costs onto local taxpayers and consumers. While these bills provided many benefits to the American people, I did not support either. One major reason was the cumbersome financial cost to individuals and businesses.

The 1992 Federal budget provided salaries for 122,400 regulators, the largest number in our history. With at least 50 Federal agencies with regulatory powers, no wonder it has become increasingly more difficult for small businesses to profit or even remain in business. We must remember that it is the small businesses of this country that stimulate our economy and employ our neighbors. The money spent by businesses complying with most regulations could be better spent on boosting productivity, making innovations, and increasing employment.

Not all Federal regulations are unnecessary. The Federal Government does have the responsibility to provide safeguards for the country and its citizens. However, the time has come for Congress to provide the necessary leadership in reducing the regulatory burden on our constituents.

I am pleased to be an original cosponsor of this legislation and would encourage my colleagues on both sides of the aisle to seriously consider this proposal.

By Mr. CRANSTON:

S. 2943. A bill for the relief of Deborah Gabbay Aaron; to the Committee on the Judiciary.

RELIEF OF DEBORAH GABBAY AARON

• Mr. CRANSTON. Mr. President, I am today introducing a private relief bill on behalf of Deborah Gabbay Aaron, a citizen of England. Mrs. Aaron is the wife of David Aaron, a businessman in Los Angeles and U.S. citizen, and the mother of Samuel, Adam, and Jonas Aaron, all U.S. citizens. The Aarons have been married for 15 years and are residing currently in Venice, CA.

Mrs. Aaron was born in Birmingham, England, on August 15, 1955. Her husband, David Aaron, was born in Los Angeles, CA, on October 15, 1947. They met in Israel where Mrs. Aaron was a volunteer at a kibbutz, and were married on May 5, 1977, at Kibbutz Regavin. They originally intended to relocate to England in July 1977 so that Mrs. Aaron could complete her studies. However, when they discovered that Mrs. Aaron was pregnant they decided to move to the United States where Mr. Aaron was to take over his father's furniture business in Los Angeles. Mrs. Aaron filed a I–130, Immediate Relative Petition, at the U.S. Embassy in London. The Embassy found her excludable under section 212(a)(23) of the Immigration Act of 1952.

This exclusion stems from a case in October 1976 where Mrs. Aaron was convicted for possession of cannabis resin [hashish]. Mrs. Aaron was 21 and living in a group house with three other students. The authorities, who were looking for one of the students, searched the house and found 54.4 grams of cannabis resin. Mrs. Aaron and her boyfriend admitted knowing about the substance and were arrested and convicted based on that knowledge. Mrs. Aaron was found guilty of possession under the 1971 Misuse of Drug Act and fined 15.67 English pounds which is about $18. A waiver of excludability is available under section 212(h) of the Immigration and Nationality Act, but only if the conviction is for 30 years or less.

The Aaron's entered the United States in December 1977, settled in Los Angeles, and their first son, Samuel, was born on March 11, 1978, in Santa Monica, CA. At this time they were advised by an attorney to delay filing for change of status. This was due in part to a British law, the Rehabilitation of Offenders Act of 1974, which provides that if the person hasn't been charged or convicted of any crime for 5 years then that person is presumed to be rehabilitated and there is no need to refer to this conviction. Mrs. Aaron's petition for change of status was approved in June 1979 so she proceeded with an application for permanent residency. Once the INS interviewer became aware of their problem he was sympathetic and said the case would be reviewed. The INS, after making the Aaron's wait for 2 years, denied Mrs. Aaron's application for residency. In December 1982 Mrs. Aaron returned to England with her two children; a second son, Adam was born on June 6, 1980, in Santa Monica, CA.

The Aaron's lived in England until June 1989. Mrs. Aaron gave birth to a third son, Jonas, in Brighton, England, on October 10, 1984. In 1986 the Aaron's applied for an immigration visa. They received a letter from the U.S. Em-

bassy in London confirming that there was no possibility of a waiver in her case but that she could enter as a tourist in a nonimmigrant capacity. They visited the United States for a short time in 1988 and after Mr. Aaron experienced continuing difficulties getting a job in England they returned to the United States in October 1990. At that time Deborah was detained under section 214(b) of the Immigration and Nationality Act because the INS officials thought she was intending to immigrate. This situation was resolved with the help of a lawyer. Deborah returned to England, as promised, in February 1991. On her way back to Los Angeles in March 1991 she was once again detained and questioned. She was admitted to the United States on August 19, 1991, with a B–1, B–2 visa with a waiver attached issued by the U.S. Embassy in London.

The uncertainty of Deborah's immigration status has put a tremendous strain on the Aaron family. The three boys ages, 13, 11, and 7, are at a pivotal stage and would benefit greatly from the presence of their mother. Supporting evidence from their synagogue, the boys' school, family doctors, and friends all attest to this fact. The statements also express Mrs. Aaron's devotion to her children and their school and her involvement in the synagogue. This burden is felt both emotionally and economically. It is expensive and disruptive for Mrs. Aaron to have to travel back and forth to England every 6 months especially with the added fear of harassment by INS officials each time she enters the country. It is also difficult for Mr. Aaron to take care of three boys, run a large furniture company, and take care of his aging parents when Mrs. Aaron is away on these trips. Evidence has shown that this is a strong and loving family and this private relief is very important in helping them stay together.

The amount of time that has elapsed since they began this process, 14 years, attests to the strength of their desire to resolve this problem. The Aaron's have no other viable alternatives for getting Deborah's immigration status changed. I believe that this is a clear and compelling case for which private legislation is both appropriate and necessary. I am hopeful that my colleagues will join me in supporting this bill.●

By Mr. LAUTENBERG:

S. 2944. A bill to promote and accelerate the development and use of a new generation of quieter commercial jet aircraft, and for other purposes; to the Committee on Commerce, Science, and Transportation.

AIRCRAFT NOISE REDUCTION RESEARCH ACT

● Mr. LAUTENBERG. Mr. President, today I am introducing the Aircraft Noise Reduction Research Act of 1992, legislation to promote the development and use of a new generation of quieter airplanes.

My bill would establish a focused, coordinated research and development program, to be carried out jointly by the FAA and NASA. The goal of this program is clear: to develop, by the turn of the century, the technology that would reduce noise generated by commercial airplanes by 4 to 6 decibels, making them as much as 30-percent quieter than the quietest planes flying today.

Aircraft noise is a serious problem throughout the country, and particularly in the northern New Jersey-New York metropolitan region, where, according to the FAA, one-third of all people who are noise-impacted live. I am working with affected citizens in New Jersey to address their problems, through such means as potential route changes, and an accelerated phase-out of noisy stage 2 aircraft at the region's three major airports. Another way that we can look to provide relief is to attack the problem at its source—to improve the planes that serve our communities.

Over the last 20 years, tremendous improvements have been made in commercial aircraft. The planes being produced today are quieter, more efficient, and safer than those that were the mainstays of the fleet in the past.

Today's new aircraft—planes such as Boeing's 767 or McDonnell-Douglas' MD–80—are truly generations ahead of their predecessors, like the Boeing 707 or DC–8. Stage 3 planes are as much as 25 decibels quieter than early stage 1 planes. With every 10 decibels representing about a 50 percent reduction in apparent noise, this means the newer planes are as much as 85 percent quieter than the old ones.

Additionally, stage 3 aircraft, on average, consume about 30 percent less fuel than stage 2 planes. This is important, particularly in view of our unhealthy dependence on shaky foreign oil sources.

The U.S. aircraft manufacturing industry has led the world in developing these new generations of airplanes. Our manufacturers continue to have the lion's share of the global aircraft market. Time after time, commercial aircraft are the single largest component of our export market.

The push to develop these new aircraft has come, in part, through the Federal Government. In 1969, standards were set for stage 2 aircraft, and in 1973, all new aircraft were required to meet those standards. In 1977, new planes were required to meet the tougher standards of the stage 3 classification. And, in 1985, all stage 1 commercial jets were taken out of service. In 1990, Congress enacted legislation, similar to a bill that I authored, to phase out stage 2 aircraft by the turn of the century.

Now it's time to keep things moving forward. It's time to develop the next generation of planes. Call it stage 3.5 or stage 4. Whatever their name, they'll be quieter and more efficient.

Some may believe that new advances just aren't achievable. As someone who spent 30 years in the technology industry before coming to the Senate, I just won't accept that our top engineering and design minds can't do it. Just in the last few years, we've seen radical advances in aircraft design. The stealth aircraft have features that were thought to be fantasy not too long ago. Development of that technology came through a combination of Government and private sector resources. It's that type of dedication that's needed to develop the next generation of commercial aircraft.

Accordingly, my legislation would establish a focused research and development program, to be carried out jointly by the FAA and NASA. The sum of $25 million would be authorized annually for this program. As I've noted, the bill establishes a very specific goal: to develop, by the year 2000, the technologies that would result in aircraft that are 4–6 decibels quieter than those operating today. This could mean a reduction of as much as 30 percent below the quietest planes operating today.

This is an ambitious goal, but not an unrealistic one. It is based on the recommendations of an industry task force, including aircraft manufacturers. It's a goal that, for several reasons, we should make every effort to achieve. There are indications that the European Community is moving toward tougher standards, along the lines of goal of my bill, in the near future. Our citizens deserve no less. And, if our domestic aircraft manufacturers are to maintain their leadership role, the development of this technology is critical.

Under my bill, the FAA and NASA would be required to submit annual reports on the progress of this R&D program. The focus here is on the development half of research and development. Clearly, the expectation is that the technological improvements—such as improved engines and airframes—are achievable. By December 31, 1998, the FAA Administrator would be required to submit to Congress a proposal for requiring that new aircraft certified by the FAA would meet the quieter standards. The intent is not to force our carrier to abandon their stage 3 fleets. Rather, the goal is to ensure that all new aircraft entering the fleet would be quieter. In making this proposal, the Administrator would consider such factors as the reduction in noise, the economic impacts, and the capacity of the domestic industry to produce such aircraft.

Mr. President, the Federal Government has pushed the development and use of quieter and more advanced aircraft. This bill would continue that pattern, and help reduce the impacts of

aircraft noise for people across this country.

I ask unanimous consent that the text of my bill be included in the RECORD at the conclusion of my remarks.

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

S. 2944

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Aircraft Noise Reduction Research Act of 1992".

SEC. 2. AIRCRAFT NOISE REDUCTION RESEARCH PROGRAM.

(a) ESTABLISHMENT.—The Administrator of the Federal Aviation Administration and the Administrator of the National Aeronautics and Space Administration shall establish and jointly conduct a research program to develop new technologies for quieter subsonic jet aircraft engines and airframes.

(b) GOAL.—The goal of the program shall be to develop, by the year 2000, technologies, operational procedures, or other means to allow commercial jet aircraft to operate at a noise level which is 4 to 6 decibels below existing Stage III noise levels.

(c) PARTICIPATION.—In carrying out the program established by subsection (a), the Administrator of the Federal Aviation Administration and the Administrator of the National Aeronautics and Space Administration shall solicit and encourage the participation of the private sector and of academic research institutions.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the program established by subsection (a) $25,000,000 for each of fiscal years 1993, 1994, and 1995.

SEC. 3. REPORTS.

(a) RESEARCH.—Not later than one year after the date of enactment of this Act, and annually thereafter, the Administrator of the Federal Aviation Administration and the Administrator of the National Aeronautics and Space Administration shall jointly submit to Congress a report on the status of research efforts under the program established by section 2(a) of this Act, and progress in meeting the goal established by section 2(b) of this Act.

(b) IMPLEMENTATION PLAN.—Upon making a determination that the goal established by section 2(b) of this Act will be accomplished, but not later than December 31, 1998, the Administrator of the Federal Aviation Administration shall submit to the Congress a proposal for the development and promulgation of Federal Aviation Regulation 36 certification standards consistent with the goal established pursuant to section 2(b). Upon promulgation, such new standards would be applicable to all new type design aircraft certifications. In preparing such proposal, the Administrator of the Federal Aviation Administration shall address issues including, but not limited to—

(1) the reduction in the number of aircraft noise-impacted persons in the United States that would result from various levels of use of such aircraft; and

(2) the readiness of the technology developed pursuant to section 2(a) for economically reasonable production by the United States commercial aircraft manufacturing industry.●

By Mr. MITCHELL (for himself and Mr. FORD):

S. 2945. A bill to amend the Federal Aviation Act of 1958 to establish and operate a system in the United States to supplement the compensation payable to claimants under the Convention for the Unification of Certain Rules Relating to International Carriage by Air in respect of death or personal injury of passengers; to the Committee on Commerce, Science, and Transportation.

SUPPLEMENTAL COMPENSATION PLAN ACT

Mr. MITCHELL. Mr. President, during the 1st session of the 102d Congress, I raised concerns about the proposed Montreal Protocols on international aviation liability, which have been reported by the Foreign Relations Committee and are pending on the Senate Calendar.

Documents which address those concerns appeared in the 1991 CONGRESSIONAL RECORD on June 28 (page S9216), August 1 (page S11711) and November 5 (page S15875). The most recent inquiry concerned the question of statutory authorization for the proposed supplemental compensation plan [SCP].

The American Law Division of the Congressional Research Service advised that as a condition to ratification of the Protocols, the Senate seems "free to choose" between administrative and legislative implementation of the SCP "without doing manifest violence" to the separation of powers between the executive and legislative branches of government under the Constitution.

The issue is not simply whether enabling legislation is necessary, but whether it also is appropriate. This is distinct from the more fundamental, threshold question of whether or not the Protocols should be ratified.

Some Senators may not support ratification of the Protocols unless the SCP is explicitly authorized and structured by legislation. At the same time, some Senators who oppose ratification may be concerned that important issues relating to the SCP be addressed if ratification is indeed to occur. On both sides of the debate over the Protocols, such concerns are legitimate.

The SCP is unprecedented in nature. It involves technical, sometimes complex principles related to American tort law. The Warsaw Convention liability regime and the Protocols also present a unique set of international and institutional concerns.

If the Protocols are to proceed, the SCP must be carefully and narrowly designed. In December 1991, I met with then Secretary of Transportation Samuel Skinner. We agreed to consider specific provisions for possible enabling legislation. His successor, Secretary Andrew Card, has continued discussions with me in this regard.

I also have worked closely with Senator FORD, Chairman of the Senate Aviation Subcommittee, who has recognized the potential importance of enabling legislation to either side in the overall debate.

I today am introducing legislation to establish the SCP, reflecting provisions around which I believe there may be broad consensus. Secretary Card has assured me that the administration will support the legislation.

In any action on ratification, I believe that the Senate should condition ratification on enactment of the enabling legislation. Such legislation is both appropriate and greatly important.

I welcome all comments on the legislation. I ask all Senators to consider the legislation carefully. Keep in mind, however, that the legislation is premised on an assumption that the Protocols will be ratified. It is secondary to that threshold issue. The enabling legislation by itself will not determine whether or not the Protocols indeed should be ratified. All Senators should be prepared to make a decision on that threshold issue as well.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2945

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Supplemental Compensation Plan Act of 1992".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings and purpose.
Sec. 3. United States Supplemental Compensation Plan.
Sec. 4. Effective date.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) by the Additional Protocol No. 3 done at Montreal on September 25, 1975, the signatory governments agreed to amend the Convention for the Unification of Certain Rules Relating to International Carriage by Air done at Warsaw on October 12, 1929, as amended by Protocols done at The Hague on September 28, 1955 and at Guatemala City on March 8, 1971;

(2) the Warsaw Convention establishes the liability of carriers for damages sustained in case of death or personal injury of a passenger in international carriage as therein defined; and

(3) Article 35A of the Warsaw Convention states: "No provision contained in this Convention shall prevent a state from establishing and operating within its territory a system to supplement the compensation payable to claimants under the Convention in respect of death, or personal injury, of passengers. Such a system shall fulfill the following conditions:

"(A) it shall not in any circumstances impose upon the carrier, his servants or agents, any liability in addition to that provided under this Convention;

"(B) it shall not impose upon the carrier any financial or administrative burden other than collecting in that state contributions from passengers if required so to do;

"(C) it shall not give rise to any discrimination between carriers with regard to the passengers concerned and the benefits available to the said passengers under the system shall be extended to them regardless of the carrier whose services they have used; and

"(D) if a passenger has contributed to the system, any person suffering damage as a consequence of death or personal injury of such passenger shall be entitled to the benefits of the system.".

(b) PURPOSE.—The purpose of this Act is to establish and provide for the administration of a Supplemental Compensation Plan in the United States to supplement the compensation payable to claimants under the Convention for the Unification of Certain Rules Relating to International Carriage by Air in respect of death, or personal injury, of passengers.

SEC. 3. UNITED STATES SUPPLEMENTAL COMPENSATION PLAN.

The Federal Aviation Act of 1958 (49 U.S.C. 1301 et seq.) is amended by adding at the end thereof the following new title:

"TITLE XVII—UNITED STATES SUPPLEMENTAL COMPENSATION PLAN

"SEC. 1701. DEFINITIONS.

"For purposes of this title the following terms shall mean:

"(1) APPROVAL.—'Approval' means approval and immunity from the operation of the antitrust laws under sections 412 and 414 of this Act.

"(2) AUTHORIZATION.—'Authorization' means a written authorization, other than actual ticket stock, issued by a carrier for free or reduced-rate transportation.

"(3) CARRIER.—'Carrier' means any entity that undertakes directly to carry persons as a common carrier for compensation or hire in foreign air transportation, international air transportation or other transportation by air between two or more foreign countries, whether or not the actual operator of the aircraft used for such transportation.

"(4) CARRIERS' AGENT.—'Carriers' Agent' means the agent or agents designated by each carrier pursuant to section 1702(c).

"(5) CLAIMANT.—'Claimant' means any person or persons who, with respect to the personal injury or death of a covered person (whether or not the claimant), makes a claim under this title against the Plan Administrator.

"(6) COMPENSATION PLAN CONTRIBUTION.—'Compensation Plan Contribution' means the contribution by the passenger in accordance with Article 35A of the Warsaw Convention which has been collected or should have been collected by the carrier under the provisions of this title.

"(7) COMPENSATION PLAN COVERAGE.—'Compensation Plan Coverage' means the compensation payable to claimants for which the Plan Administrator is liable under this title.

"(8) COVERED DAMAGES.—'Covered damages' means all compensatory damages supplementary to the compensation payable by the carrier under the Warsaw Convention in respect of death or personal injury, including damages for economic loss and noneconomic loss. In cases that do not arise under the Warsaw Convention it means compensatory damages in respect of death or personal injury, including damages for economic loss and noneconomic loss.

"(9) COVERED PERSON.—'Covered person' means—

"(A) any person carried in international air transportation or foreign air transportation from whom a Compensation Plan Contribution was, or should have been, collected under the provisions of this title; or

"(B) any citizen or permanent resident of the United States in foreign air transportation, international air transportation or other transportation by air between two or more foreign countries.

"(10) DOCUMENT OF CARRIAGE.—'Document of carriage' means a ticket, document or other record described in Article 3 of the Warsaw Convention.

"(11) INTERNATIONAL AIR TRANSPORTATION.—'International air transportation' means international carriage as defined in Article 1 of the Warsaw Convention whether the transportation includes or does not include a place of departure, place of destination or an agreed stopping place in the United States.

"(12) PLAN ADMINISTRATOR.—'Plan Administrator' means the entity or entities liable for Compensation Plan Coverage as specified by this title.

"(13) SECRETARY.—'Secretary' means the Secretary of Transportation or any other official of the Department of Transportation authorized to perform the functions vested in the Secretary under sections 412 and 414 of this Act.

"(14) SUPPLEMENTAL COMPENSATION PLAN.—'Supplemental Compensation Plan' or the 'Plan' means the system established by this title in accordance with Article 35A of the Warsaw Convention to supplement the compensation payable under the Warsaw Convention and provide such additional benefits as set forth in this title.

"(15) UNDERPAYMENT RATE.—'Underpayment rate' means the rate of interest established under section 6621(a)(2) of the Internal Revenue Code of 1986.

"(16) WARSAW CONVENTION.—'Warsaw Convention' means the Convention for the Unification of Certain Rules Relating to International Transportation by Air, done at Warsaw on October 12, 1929, as amended by the Protocols done at The Hague, 1955, at Guatemala City, 1971, and by the Additional Protocol No. 3 of Montreal, 1975.

"SEC. 1702. COMPENSATION PLAN.

"(a) REQUIREMENT.—There is established a Supplemental Compensation Plan for the United States as set forth in this title. All airlines holding international authority from the Department of Transportation, as provided by regulations issued by the Secretary, shall participate in the Compensation Plan while Montreal Protocol No. 3 is in force and effect for the United States.

"(b) PROHIBITION WITHOUT PARTICIPATION.—No carrier required to participate in the United States Supplemental Compensation Plan established by subsection (a) shall engage in any air transportation unless it complies with the requirements of this title.

"(c) CARRIERS' AGENT.—Each carrier shall submit to the Secretary for approval an agreement to designate an agent as its attorneys in fact under this title for the following purposes—

"(1) to negotiate the Compensation Plan Contribution under section 1704(c);

"(2) to select and negotiate with the Plan Administrator under section 1708; and

"(3) to monitor the Plan Administrator's performance of its obligations under this title.

"SEC. 1703. COMPENSATION PLAN COVERAGE.

"(a) LIABILITY OF PLAN ADMINISTRATOR.—

"(1) The Plan Administrator shall be liable to the claimant for covered damages with respect to an event that takes place on board an aircraft, or in the course of any of the operations of embarking or disembarking, subject to the conditions, limitations, exclusions and other provisions set forth in this title.

"(2) The liability of the Plan Administrator under this section shall not be affected by the insolvency of the carrier or its insurer, or by the carrier's failure to perform any of its obligations under this title.

"(b) CONDITIONS.—(1) It is an express condition of the liability of the Plan Administrator to the claimant that—

"(A) the claimant comply with the requirements established in subsections (a), (b), and (c) of section 1707;

"(B) the carrier has paid, been held liable to pay, or has agreed to pay damages to the claimant equal to the limit of its liability under the Warsaw Convention in the case of international air transportation, except in the case of the insolvency of the carrier or its insurer; and

"(C) the claimant shall assign to the Plan Administrator any and all recovery or right of recovery in tort for covered damages from any other potentially liable party, known or unknown, except the carrier, its servants or agents in the case of international air transportation. The Plan Administrator, insofar as permitted by law, shall have the right to recover such covered damages from any such other party to the extent of such other party's liability.

"(2) Nothing in this subsection or any other provision of this title shall be construed as affecting or otherwise modifying any right of action under any remaining law against such other parties.

"(c) LIMITATION.—

"(1) No claimant shall have the right to contest the Plan Administrator's evaluation of a claim made by any other claimant.

"(2) The Plan Administrator shall not be liable for—

"(A) except as provided in section 1706(c), attorneys' fees and other costs of a legal action incurred by a claimant under this title, in excess of those normally recoverable under the law of the forum;

"(B) any payment under this Plan unless an action can be maintained by the claimant against the carrier under Article 17, Paragraph 1 of the Warsaw Convention or in the case of foreign air transportation or other transportation by air between two or more foreign countries could have been so maintained if the transportation had been subject to the Warsaw Convention; or

"(C) any payment in any case where the claimant failed to submit a claim against the carrier within a period of 24 months following the occurance of the event on which such claim against the Plan Administrator is based.

"(d) EXCLUSION.—In no event shall the Plan Administrator be liable for punitive damages.

"(e) CHOICE OF LAW.—Any action brought in the United States by a claimant against the Plan Administrator under the Plan established herein, and the assessment of covered damages sustained in the case of death or personal injury of a covered person, shall be governed by the law of the domicile of the claimant.

"SEC. 1704. COMPENSATION PLAN CONTRIBUTION.

"(a) METHOD OF COLLECTION.—The Compensation Plan Contribution specified in the contract to be executed under section 1708(e)(2) shall be collected by the carrier from every person travelling in international air transportation or foreign air transportation, with a place of departure in the United States, after the effective date of the Plan, provided that such transportation was purchased, or the authorization for such transportation was received, within the

United States. The Compensation Plan Contribution shall be collected by the carrier identified in section 1705(a) at the time of such purchase or authorization.

"(b) RECORDING.—The Compensation Plan Contribution shall be a part of the advertised ticket price. It shall be recorded in a manner specified by the Secretary.

"(c) LEVEL OF COMPENSATION PLAN CONTRIBUTION.—The Compensation Plan Contribution shall be determined through such negotiations with the Plan Administrator as may be authorized under the contract to be executed under section 1708(e)(2) or pursuant to the procedures specified in section 1708, but the amount of such contribution shall be subject to the approval of the Secretary. Such contributions shall be reviewed periodically, but at least every 24 months. In no case, however, shall the Compensation Plan Contribution pursuant to this subsection exceed five dollars per passenger per ticket (adjusted in calendar year 1992 dollars).

"(d) PROCEEDS OF THE COMPENSATION PLAN CONTRIBUTION.—

"(1) Each carrier that is responsible for collecting in the United States a Compensation Plan Contribution under this Act shall identify the monies that represent the Compensation Plan Contributions that were collected or should have been collected by that carrier.

"(2) The Monies collected by a carrier shall either be—

"(A) segregated by the carrier from its own funds to be paid to the Plan Administrator promptly after receipt in a manner satisfactory to the Plan Administrator; or

"(B) paid over to the Plan Administrator within 30 days from the end of each calendar month.

"SEC. 1705. CARRIERS.

"(a) COLLECTION AND PAYMENT OF COMPENSATION PLAN CONTRIBUTION.—

"(1) The carrier that is responsible under this title for collecting and paying the Compensation Plan Contribution is the carrier that issues a document of carriage or an authorization in the United States for foreign air transportation or international air transportation.

"(2) In the case of a document of carriage or an authorization for such transportation that is issued by a carrier as an agent for another carrier, the carrier that is identified on the document of carriage or authorization as the carrier that carries or undertakes to carry the person in foreign air transportation to the first stopping place outside of the United States, shall ensure that the issuing carrier collects and pays the Compensation Plan Contribution in the manner specified in section 1704.

"(3) Each carrier shall act exclusively as agent of, and fiduciary for, the Plan Administrator in the collection of the Compensation Plan Contribution, the proceeds of which shall be held in trust by the carrier for payment to the Plan Administrator in the manner provided in section 1704(d) of this title.

"(b) TARIFFS.—Each carrier shall—

"(1) include in its tariffs filed with the Secretary, the Compensation Plan Contribution specified in the contract to be executed under section 1708(e)(2); and

"(2) promptly file amendments to its tariffs to reflect any change in the Compensation Plan Contribution specified in the contract to be executed under section 1708(e)(2), after the approval of such change by the Secretary. The carrier shall further specify in its tariff the effective date of any such change to the Compensation Plan Contribution consistent with the terms of such approval.

"(c) RETENTION OF PASSENGER RECORDS.—Each carrier shall maintain, for not less than two years after the date of the commencement of international air transportation by a covered person, the document of carriage or a copy thereof.

"(d) NOTICE AND INFORMATION TO PLAN ADMINISTRATOR.—

"(1) Each carrier shall promptly notify the Plan Administrator of any claim for personal injury or death against the carrier with respect to any covered person, for which the carrier has reason to believe the Plan Administrator may be wholly or partially liable under this title.

"(2) With respect to each claim for which notice to the Plan Administrator is required, each carrier shall supply such information requested by the Plan Administrator relating to such claim as would be available to any party in litigation against the carrier.

"(e) CLAIM AND EVALUATION ASSISTANCE.—Each carrier shall use its best efforts to make its facilities, employees, insurers and agents available to the Plan Administrator to assist it in the evaluation and disposition of any claim under the Plan.

"(f) ADDRESS.—Each carrier shall furnish the Plan Administrator with the address, including the name of an appropriate person located at such address, to which all notices, demands or other communications authorized by this title may be directed.

"(g) JURISDICTION.—Each carrier shall agree to submit to the jurisdiction of any court of competent subject matter jurisdiction within the United States in any action brought by the Plan Administrator for breach of the carrier's obligations under this title. In any action brought by the Plan Administrator based upon any delinquency of a carrier, the carrier identified under subsection (a)(1) shall be named as the necessary party defendant.

"(h) CONTINUING OBLIGATION.—The obligations of a carrier under this title undertaken on its own behalf or as an agent for any other carrier shall not be affected merely because it ceases to engage in air transportation.

"SEC. 1706. PLAN ADMINISTRATOR.

"(a) NOTICE TO CLAIMANTS.—Upon receipt of any notice from a carrier under section 1705(d), the Plan Administrator shall cause notification to be given promptly to each claimant identified in the carrier's notice of the claimant's possible rights of recovery under the Plan, and shall request the information necessary to make a proof of claim satisfactory to the Plan Administrator. The notification shall include an explanation of the benefits and provisions of the Compensation Plan, and the procedures to be followed in filing a claim.

"(b) CLAIM EVALUATION.—The Plan Administrator shall cause the evaluation of claims under the Plan based upon information obtained from the carrier and the claimant and upon such other information as it may obtain through independent investigation.

"(c) MEDICAL BENEFITS AND FUNERAL EXPENSES.—Whenever and to the extent the Plan Administrator is liable for covered damages under this title, the Plan Administrator shall reimburse promptly a claimant for reasonable and documented charges for medical services or supplies incurred by or on behalf of a covered person in the treatment of any personal injury, and for reasonable and documented funeral expenses, pending the disposition of the claim. Any such reimbursement shall be included in the total damages for which the Plan Administrator is liable under the Plan.

"(d) RECOVERY FROM THIRD PARTIES.—The Plan Administrator shall use all reasonable efforts to exercise its rights under section 1703(b) and recover covered damages attributable to the liability of third parties.

"(e) COMPLIANCE WITH REGULATIONS.—Subject only to any right to terminate its obligations under the Compensation Plan Coverage specified in the contract to be executed under section 1708(e)(2), the Plan Administrator shall comply with such orders and regulations as the Secretary may issue or make under this title.

"(f) CONSENT TO JURISDICTION.—The Plan Administrator shall agree to submit, in the case of an action brought by a claimant under this title, to the jurisdiction of any court of competent subject matter jurisdiction within the United States or, in the event an action may be brought against the carrier under the Warsaw Convention, then to the jurisdiction of any court of competent subject matter jurisdiction under the Warsaw Convention, whether or not within the United States. In any event, the Plan Administrator shall not object on the basis of forum non conveniens to the exercise of any jurisdiction to which it has agreed to submit under this subsection.

"(g) RECORDS.—The Plan Administrator shall maintain such records as may be required to demonstrate compliance with this title.

"SEC. 1707. CLAIMANT.

"(a) PROOF OF CLAIM IN SETTLEMENT.—

"(1) In order to obtain an offer of settlement from the Plan Administrator under section 1706(c), the claimant shall submit to the Plan Administrator a proof of claim specifying all reasonable information requested by the Plan Administrator under section 1706(a) to evaluate the claim within 180 days of whichever of the following occurs later—

"(A) receipt of the Plan Administrator's notification to the claimant under section 1706(a) or, if applicable, and

"(B) in cases arising in international air transportation payment by the carrier to the claimant of an amount equal to its limitation of liability under the Warsaw Convention.

"(2) The claimant shall provide such additional reasonable information as may be requested by the Plan Administrator to verify the proof of claim.

"(3) The claimant shall afford the Plan Administrator the right to conduct a reasonable inspection or examination of any covered person whose injury is the basis of a claim.

"(b) ACTION AGAINST PLAN ADMINISTRATOR.—The claimant may bring an action on the basis of the Plan Administrator's liability under this title, and subject to the provisions of this title, in any court in which such an action is authorized under section 1706(g) of this title.

"(c) CLAIM DISPOSITION.—In order to obtain any payment by the Plan Administrator under the Plan in satisfaction of the Plan Administrator's liability (except with respect to interim payments of medical benefits or funeral expenses under section 1706(d)) whether pursuant to settlement or in satisfaction of a judgment of a court of competent jurisdiction, the claimant shall execute a document satisfactory to the Plan Administrator where under the claimant—

"(1) shall release and discharge the Plan Administrator from any further liability in full satisfaction of all claims against the Plan Administrator by such claimant;

"(2) shall agree, subject to the provisions of paragraph (3), that the sums being paid under the Plan constitute full and fair recovery for all covered damages;

"(3) shall agree that, insofar as permitted by law, the Plan Administrator, except with respect to any right of recovery described in section 1703(b)(2), shall be subrogated to the extent of such payment, to all the claimant's rights of recovery against any other party to the degree of such other party's liability, except the carrier, its servants or agents in the case of international air transportation;

"(4) shall, subject to paragraphs (2) and (3), irrevocably assign or otherwise preserve to the Plan Administrator all recoveries and rights to recover such covered damages from such third parties; and

"(5) shall, subject to paragraphs (2) and (3), otherwise release and discharge all potential parties known and unknown from liability for covered damages.

"(d) RELATIONSHIP TO OTHER SUPPLEMENTAL COMPENSATION SYSTEMS.—In the case of a claim made with respect to a covered person in international air transportation who did not purchase, or receive an authorization for, such transportation in the United States, the claimant, in addition to the requirements of subsection (c), shall irrevocably assign and preserve to the Plan Administrator, except in the case of any right of recovery described in section 1703(b)(2), all recoveries or rights to recover damages or other compensation pursuant to any other system established in accordance with Article 35A of the Warsaw Convention in any other state which is party to the Warsaw Convention.

"SEC. 1708. NEGOTIATION WITH AND SELECTION OF A PLAN ADMINISTRATOR.

"(a) SCOPE.—This subsection applies to the negotiations with and the selection of an initial Plan Administrator under this title and to each subsequent negotiation with and selection of a Plan Administrator for any subsequent contracts.

"(b) CRITERIA FOR PLAN ADMINISTRATOR.—A Plan Administrator shall demonstrate that it will at all times meet the following requirements:

"(1) The Plan Administrator shall be a corporation or association created or organized under the laws of the United States, or of any State, territory or possession thereof or, if organized or created under the laws of any foreign country, must maintain a permanent establishment in the United States for performing obligations of the Plan Administrator under this title.

"(2) The Plan Administrator shall arrange for the capacity necessary for the Compensation Plan Coverage, specified in the contract to be executed under subsection (e)(2), which shall be an amount sufficient to cover potential damages for any incident as determined in accordance with actuarial assessments. The Plan Administrator shall specify clearly how and where the Compensation Plan Coverage is obtained and demonstrate that each entity participating in the Compensation Plan Coverage has, and will maintain, adequate resources to meet its obligations.

"(3) The Plan Administrator must possess any appropriate license or authority that may be required to perform the obligations of the Plan Administrator in any State, territory or possession in which such obligations are to be performed.

"(4) The Plan Administrator has facilities to collect and account for the Compensation Plan Contributions collected by the carriers and paid to the Plan Administrator under this title.

"(5) The Plan Administrator must have access to expertise in the handling of claims for airline passenger injuries or deaths.

"(6) The Plan Administrator must be able to perform its obligations under this title.

"(c) PUBLICATION.—Not later than 120 days prior to the effective date of any award to a Plan Administrator under this subsection, the Carriers' Agent shall cause to be published a solicitation for the selection of a Plan Administrator, specifying that all offers will be considered from persons meeting the minimum criteria established by this subsection and received by the closing date for the receipt of offers (generally within 45 days following publication).

"(d) EVALUATION AND NEGOTIATION.—

"(1) Offers by potential Plan Administrators that meet the requirements of subsection (b) will be evaluated by the Carriers' Agent, on the basis of the following factors:

"(A) The financial responsibility of the potential Plan Administrator and all sub-Plan Administrators proposed by the Plan Administrator and responsible for providing all or part of the Compensation Plan Coverage.

"(B) The level of the Compensation Plan Contribution, the amount of the Compensation Plan Coverage and any other terms of the Compensation Plan Coverage proposed by the potential Plan Administrator.

"(C) The qualifications of the potential Plan Administrator and its proposed management plan, including experience of its personnel in the handling of claims arising from air transportation.

"(D) The duration of the proposed contract.

"(2) The Carriers' Agent may require additional submissions from, and interviews with, the potential Plan Administrators, and may negotiate with one or more potential Plan Administrators concerning the terms of their offers including, but not limited to, the level of the Compensation Plan Contribution, the amount of the Compensation Plan Coverage and any other terms of the Compensation Plan Coverage. If one or more potential Plan Administrators are eliminated from consideration at the time additional submissions are requested or negotiations are commenced, the eliminated offerors will be so advised in writing.

"(3) The Carriers' Agent may in its discretion withdraw a pending solicitation or publish a new solicitation for the selection of a Plan Administrator.

"(e) SELECTION.—

"(1) After evaluation of all of the factors specified in subsection (d)(1), the Carriers' Agent shall select, and recommend to the Secretary for approval, a Plan Administrator whose offer in their judgment best meets the requirements of this title and the solicitation, all relevant factors considered.

"(2) The Plan Administrator selected by the Carriers' Agent shall execute a binding contract to provide the Compensation Plan Coverage consistent with the provisions of this title.

"(f) AWARD.—The contract to be executed under subsection (e)(2) shall be filed with the Secretary for approval not later than 45 days before the anticipated effective date of the award. Neither the selection of a Plan Administrator nor the terms of its contract shall be considered final and effective until and unless approval by the Secretary is obtained.

"SEC. 1709. GENERAL PROVISIONS.

"(a) APPLICATION OF THIS TITLE.—This title shall apply to any carrier holding authority granted by the Secretary to engage in foreign air transportation.

"(b) INTERPRETATION.—Any ambiguities arising under this title shall be construed in favor of providing adequate and timely compensation for death or personal injury of passengers covered by this title.

"(c) GOVERNING TIME.—Subject to the provisions of the Warsaw Convention, all dates specified in this title shall be determined on the basis of Greenwich Mean Time.

"(d) NOTICES.—All notices, demands of other communications required or permitted to be given or sent hereunder shall be in writing and shall be deemed to be duly given or received if and when hand delivered or sent by registered mail, return receipt requested, postage prepaid, or in the event of an emergency, by telegraph, facsimile transmission, or cable.

"(e) NO CHANGE IN CARRIER'S LIABILITY.—Nothing contained in this title shall be construed to create any liability on the part of a carrier, the Carriers' Agent or its employees and agents to any passenger, covered person, claimant or any representative thereof.".

SEC. 4. EFFECTIVE DATE.

Except to the extent otherwise specifically provided by this Act, the provisions of this Act, and the amendments made thereby, shall take effect upon the date of the enactment into law of this Act.

Mr. FORD. Mr. President, I am pleased to join with the majority leader in introducing the Supplemental Compensation Act of 1992. Early this year, the majority leader requested that I explore the possibility of enabling legislation for the Montreal protocols. This bill is the result of discussions that have been held since January 1992 between representatives of the American Association of Trial Lawyers, the airline industry, staff of the majority leader's office and my staff. After the agreement was worked out in principle, the Department of Transportation joined the effort.

I believe it is necessary to review the historical events surrounding the Montreal protocols as many of my colleagues will recall that I opposed ratification of the Montreal protocols the last time the Senate debated this matter. My position is that the adoption of the supplemental compensation plan is a necessary precondition to the ratification of the Montreal protocols. The bill we are introducing today satisfies my objections to leaving the implementation up to the Department of Transportation. There were too many unanswered questions which the Supplemental Compensation Act now addresses. I cannot go on trust alone to ensure that important safeguards are in the supplemental compensation plan.

The United States is presently a party only to the 1929 Warsaw Convention. The 1929 Warsaw Convention created a uniform cause of action against an airline for personal injury or death. The United States is not a party to any of the subsequent protocols—The Hague, 1955, Guatemala City, 1971. The subsequent protocols were revisions of the Warsaw Convention.

The Warsaw Convention establishes uniformity of documentation and cre-

ates a uniform body of law with regard to the rights and responsibilities of passengers, shippers and air carriers in international air transportation. The United States joined the Convention in 1934.

In September 1955, there were several international meetings under the auspices of the International Civil Aviation Organization [ICAO]. The United States was concerned with the low limits of liability so a diplomatic conference was called to amend the Warsaw Convention. The conference resulted in a protocol which was referred to as The Hague protocol which raised the liability limit. The Senate received the protocol on July 24, 1959 and no action was taken.

The Kennedy administration, in 1961, began a study of the relationship of the United States to the Warsaw Convention and The Hague protocol. An interagency group on international aviation reviewed the problems for 4 years and made recommendations. The recommendations were submitted as legislation to the Senate on August 7, 1964. The 88th Congress did not act on the legislation or The Hague protocol.

In February 1966 an ICAO International Conference was held. A majority of the countries participating agreed to raise the liability limits. The agreement reached at this meeting is referred to as the "Montreal Agreement." The United States agreed to an arrangement pending ratification of treaty amendments and it was approved by the Civil Aeronautics Board. The Montreal Agreement provides that airlines agree to waive their defenses under the Warsaw Convention and increases the liability limit under the Convention for death or injury from $10,000 to $75,000 absent proof of willful misconduct by the airlines.

In 1975 at the Montreal Diplomatic Conference the Montreal protocols were agreed to as revisions to the Warsaw Convention. In 1983 the Senate considered the Montreal protocols. The final vote was 50 to 42 which fell short of the required two-thirds of the Senate voting favorably.

Mr. President, the bill we are introducing today is a middle ground on the liability issue. Careful drafting of the bill gives me confidence that the enabling legislation is appropriate and necessary. If the enabling legislation passes the Congress I will support ratification of the Montreal protocols.

At the close of the discussions on this bill, it was mentioned by the participants that it was the best staffing of any project they had ever seen. A lot of the credit for the legislation goes to Bob Carolla of the majority leader's staff. I have had the opportunity to work with Bob on other aviation issues and I am certain that we would not be introducing this legislation today without the firm and consistent leadership of Bob. Some in the aviation industry believed finding a middle ground on this issue was impossible. I am pleased that a compromise has been reached which I believe will resolve many of the questions raised regarding the Montreal protocols.

Mr. President, I am certain there will be many groups with comments and suggestions on the supplemental compensation plan. I look forward to working with my colleagues, interested groups and Secretary Andrew Card to resolve any problems. I am pleased to have been a part of this effort and would like to thank the majority leader for his involvement in resolving a issue so important to the 32 million Americans who travel internationally each year.

By Mr. LIEBERMAN (for himself and Mr. DODD):

S. 2946. A bill to provide for assistance to small businesses in the transition from defense related industries to nondefense industries; to the Committee on Small Business.

SMALL BUSINESS DEFENSE ECONOMIC TRANSITION ASSISTANCE ACT

• Mr. LIEBERMAN. Mr. President, I rise to introduce the Small Business Defense Economic Transition Assistance Act of 1992. I am very pleased to be joined in this effort by Senator DODD.

Mr. President, over the past 3 years we have witnessed the destruction of the Berlin Wall; the collapse of the communism in Eastern Europe; the reunification of East and West Germany; and the disintegration of communism in the Soviet Union. All these events have brought the issue of defense diversification to the forefront of public debate.

From a historical perspective, the level of U.S. defense spending has fluctuated greatly in response to a variety of threats to our national security. In 1944, during the peak of World War II, defense spending represented approximately 39.2 percent of our total GNP; in 1953, during the Korean war, defense spending represented approximately 14.4 percent of total GNP; and in 1968, during the Vietnam war, defense spending rose to 9.6 percent of GNP.

More recently, between the years 1979 and 1986, the United States waged what we may now be able to describe as the final battle of the cold war. U.S. defense spending rose from 4.8 to 6.5 percent of GNP—the largest peacetime building up in our history. In fact, Mr. President, in 1989 the Federal Government spent approximately $300 billion for defense, and if we adjust this figure for inflation it represents roughly the same amount as at the 1953 Korean war peak and the 1968 Vietnam war peak.

Unlike most other conflicts, however, the cold war was not fought on the battlefields, on the oceans, or in the skies. This was a war of wills and minds. Our strategy rested on the premise that the United States must have a technological edge in order to offset either the numerical advantage or unpredictable nature of our adversaries. As such, an important part of the war fought in factories and laboratories throughout the country, and the soldiers included not only the armed services, but some of America's finest small businesses, engineers, scientists, and skilled workers.

Now, in significant part due to these efforts, democratization and economic reform have emerged in both Eastern Europe and the Soviet Union, and the United States has declared victory in this first cold war.

We no longer needs to place the containment of communism as our top spending priority. We now have the opportunity to reevaluate our national defense needs and reorder our national spending priorities. President Bush has recommended a reduction in defense spending of $50 billion over the next 5 years. Many in Congress are calling for more. If this is accomplished we will surely have the opportunity to address many domestic problems—like job creation and economic growth—that have for too long been neglected.

These opportunities will be refreshing and are long overdue, but we cannot forget that the actions we take to reduce defense spending will have broad and direct ramifications on our economy, on our industrial base, and on our ability to compete in the world marketplace. This is not to mention the workers, communities, and small businesses which, for reasons of national security, have become economically dependent on defense programs.

Now is the time for the Government, business, communities and workers to pull together in order to provide for an orderly, thoughtful, transition to the economic challenges that lay ahead.

The legislation Senator DODD and I am introducing today is intended to address the small business side of this transition. Small businesses account for over one-third of Department of Defense purchases. According to the Office of Technology Assessment, over the last decade, small business received $18 to $27 billion in annual Department of Defense prime contract awards, or about 16 to 17 percent of all awards. Figures on subcontracts are not available, but reports by large firms to DOD suggest that small businesses have received $13 to $22 billion, or 37 to 40 percent, of military subcontract dollars over the last decade. Recent surveys also suggest that most small defense contractors engage in both military and commercial lines of business.

While these statistics suggest that the impact of defense cutbacks on small firms will be severe, it also appears that small firms—because of their dual customer base—are well positioned for transition. This legislation will help in that process.

In short, this bill has two main components. The first component authorizes the Small Business Administration—to the extent appropriations are provided—to provide guaranteed loans to small businesses adversely affected by defense cutbacks. These loans are intended to provide long-term financing to firms diversifying from defense to nondefense lines of business. Second, this legislation utilizes the national network of Small Business Development Centers to provide technical assistance and information regarding the transition process.

Mr. President, it is clear this country will face a number of challenges as we move into the post cold war era—a weakened economy, a crippling budget deficit, a chronic trade deficit, and an array of domestic issues demanding our time and attention. This, in combination with the global crumbling of communism, suggests that our defense budget must be reduced. We can do this one of two ways—whether we can cut programs, troops, and contracts without regard for the consequences of our actions, or for a fraction of the cost, we can provide for an orderly, less painful, transition to the apparently more peaceful environment that lies ahead. I urge the adoption of this legislation and I ask unanimous consent that the bill be printed in the RECORD following my remarks.

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

S. 2946

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Defense Economic Transition Assistance Act of 1992".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) as a result of reductions in international tension, democratization in Eastern Europe, and the collapse of the former Soviet Union, the United States is likely to reevaluate its national defense needs, national spending priorities are likely to be reordered, and it is likely that defense expenditures will significantly decline;

(2) reductions in defense expenditures will likely result in the termination or reduction of military procurement contracts, or the closure or realignment of military installations, thus adversely affecting many small businesses, defense workers, and local economies;

(3) the existence of a large defense facility or defense related industry often requires a network of smaller defense and defense related industry facilities in the same geographical area, thus magnifying the instability created in the region's economy and workforce by any reduction in defense spending;

(4) small defense prime contractors and subcontractors account for approximately one-third of Department of Defense purchases;

(5) the guaranteed loan program provided for in section 7(a) of the Small Business Act assists small businesses and entrepreneurs in obtaining long-term business loans; and

(6) Small Business Development Centers provide business-related counseling, training, and specialized assistance to strengthen the small business community and contribute to the economic growth of the communities served.

(b) PURPOSES.—The purposes of this Act are—

(1) to facilitate and assist in the economic adjustment and transition of small businesses and communities adversely affected by the termination or reduction of defense or defense related contracts or the realignment or closure of military installations; and

(2) to minimize job and economic loss due to reduced levels of defense spending by providing adjustment assistance to small businesses that are largely dependent on defense spending.

SEC. 3. SECTION 7(a) LOAN PROGRAM.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following new paragraph:

"(21)(A) The Administration may make loans under the authority of the subsection—

"(i) to a small business concern that has been (or can reasonably be expected to be) detrimentally affected by—

"(I) the closure (or substantial reduction) of a Department of Defense installation; or

"(II) the termination (or substantial reduction) of a Department of Defense program on which such small business was a prime contractor or subcontractor (or supplier) at any tier; or

"(ii) to a qualified individual seeking to establish (or acquire) and operate a small business concern.

"(B) Recognizing that greater risk may be associated with a loan to a small business concern described in subparagraph (A)(i), any reasonable doubts concerning the firm's proposed business plan for transition to nondefense-related markets shall be resolved in favor of the loan applicant when making any determination regarding the sound value of the proposed loan in accordance with paragraph (6).

"(C) Loans pursuant to this paragraph shall be authorized in such amounts as provided in advance in appropriation Acts for the purposes of loans under this paragraph.

"(D) For purposes of this paragraph a qualified individual is—

"(i) a member of the Armed Forces of the United States, honorably discharged from active duty involuntarily or pursuant to a program providing bonuses or other inducements to encourage voluntary separation or early retirement;

"(ii) a civilian employee of the Department of Defense involuntarily separated from Federal service or retired pursuant to a program offering inducements to encourage early retirement; or

"(iii) an employee of a prime contractor, subcontractor (or supplier) at any tier of a Department of Defense program whose employment is involuntarily terminated (or voluntarily terminated pursuant to a program offering inducements to encourage voluntary separation or early retirement) due to the termination (or substantial reduction) of a Department of Defense program.".

SEC. 4. SMALL BUSINESS DEVELOPMENT CENTER PROGRAM.

Section 21(c)(3) of the Small Business Act (15 U.S.C. 648(c)(3)) is amended—

(1) by striking subparagraph (D);

(2) by redesignating subparagraphs (E), (F), and (G) as subparagraphs (D), (E), and (F), respectively; and

(3) by inserting before subparagraph (H) the following new subparagraph:

"(G) assisting small businesses to develop and implement strategic business plans to timely and effectively respond to the planned closure (or reduction) of a Department of Defense facility within the community, or actual or projected reduction in such firms' business base due to the actual or projected termination (or reduction) of a Department of Defense program or a contract in support of such program—

"(i) by developing broad economic assessments of the adverse impacts of—

"(I) the closure (or reduction) of the Department of Defense facility on the small business concerns providing goods or services to such facility or to the military and civilian personnel currently stationed or working at such facility; and

"(II) the termination (or reduction) of a Department of Defense program (or contracts under such program) on the small business concerns participating in such program as a prime contractor, subcontractor, or supplier at any tier;

"(ii) by developing, in conjunction with appropriate Federal, State, and local governmental entities and other private sector organizations, the parameters of a transition adjustment program adaptable to the needs of individual small business concerns;

"(iii) by conducting appropriate programs to inform the affected small business community regarding the anticipated adverse impacts identified under clause (i) and the economic adjustment assistance available to such firms; and

"(iv) by assisting small business concerns to develop and implement an individualized transition business plan.".●

● Mr. DODD. Mr. President, I rise today to join my colleague from Connecticut, Senator LIEBERMAN, in introducing the Small Business Defense Economic Transition Act. I want to commend my colleague for his work on this important piece of legislation.

The bill we are introducing today is meant to remedy a significant lapse in our current defense transition efforts: small business capital and small business counseling. Our bill offers a simple yet straightforward solution. It would establish two new programs under the Small Business Administration to provide loan assistance and business counseling to small businesses seeking to make the transition from defense to nondefense work.

Mr. President, the remarkable changes in the global political landscape will have a profound impact on the economic livelihoods of millions of Americans. The Office of Technology Assessment predicts that, over the next 10 years, up to 2.5 million Americans will lose their jobs as a result of defense cutbacks.

That is a staggering number, Mr. President. And the toll those cuts will take on working families across America is dramatic and profound. Every one of these lost jobs represents one more worker who risks a cutoff from health benefits; one more family that risks a complete loss of income; and one more community that finds it must stretch the social safety net a little bit further. In today's slow-paced economy, every lost job makes another

tiny rip in America's tattered social fabric.

But the danger presented by defense cuts goes beyond the issue of jobs, Mr. President. Defense cuts pose a very real threat to the industrial base of this Nation. Many defense jobs are high tech and high skilled, employing some of the most well-trained and fully educated people in our Nation. And they make up a large portion of the manufacturing and engineering positions in the country.

The figures speak for themselves, Mr. President. Ten percent of all manufacturing jobs are dependent on defense spending. Eighteen percent of all engineers owe their jobs to defense spending. And 69 percent of all aerospace engineering jobs are dependent on defense spending.

If we are to maintain our international competitiveness and preserve the health of our job base during this transition period, Mr. President, we must have a careful plan in place to help workers, communities and companies bridge the gap. At present, there are three programs that have as their primary purpose the accomplishment of this goal.

The Office of Economic Adjustment, located in the Pentagon, offers planning grants to local communities. The Economic Development Administration, under a program funded by Congress in 1990, supports public works projects in impacted communities. And the Defense Conversion Adjustment Program, an arm of the Job Training Partnership Act, provides grants for the establishment of job training centers to assist laid-off defense workers.

All of these programs play a critical role in helping local economies adjust to defense spending cuts. But these programs have one significant weakness: they make no provision to assist small businesses. In my view, Mr. President, that is an oversight that must be addressed.

The importance of small businesses to the U.S. economy is very clear. During the 12-year period from 1976 through 1988, businesses with less than 20 employees contributed nearly 40 percent of all the job growth in this country. Moreover, the flexibility and innovation offered by small businesses represents a tremendous contribution to the science and technology base of the Nation.

Small businesses that are trying to make a transition from defense to commercial activities, along with former defense workers who are seeking to start up a commercial entity, currently face two serious obstacles: gaining solid business advice and securing access to capital. The bill we are introducing today would provide assistance in both of these areas.

Under the first of the two provisions in this proposal, additional funding would be made available to provide loans and loan guarantees to any small business that is adversely affected by defense cuts. This lending assistance would be provided under the 7(a) loan program, which this year is backing about $5 billion in private sector loans to small businesses.

Under this proposal, Mr. President, there would also be money set aside to provide loans to former defense industry workers, Defense Department civilians and members of the armed services who want to start up businesses of their own. This provision is of particular importance, Mr. President. Small businesses established by former defense workers are perhaps the best way to capture the skills and technologies developed in the defense industry.

Under the second of our provisions, Mr. President, additional funding would be provided to the Small Business Development Centers Program. These valuable centers—there are 10 in Connecticut—provide one-to-one business counseling and loan application assistance.

These centers are critical in harnessing the creative energies of a local community, Mr. President. Just to give one example close to home, the local Small Business Development Center in New London, CT, is on the pace to provide indepth counseling to nearly 400 potential business startups from that region. And this is an important point: from one-third to one-half of those potential businesses would be headed by a former defense worker or member of the Armed Forces.

The director of the New London Small Business Development Center told me a few weeks ago that if he had the funding for an additional staff worker, he could take on another 400 cases. That should provide some indication, Mr. President, of the cost effectiveness of this program.

Finally, Mr. President, let me make one note about the source of funding for these programs. We are confident that these programs can be funded by money allocated to the Department of Defense under budget accounting rules. The precedent for this type of situation was established in 1990, when $200 million of Pentagon money was earmarked for defense transition assistance to communities and workers.

We believe the proposals we are introducing today follows in the same spirit as that 1990 legislation. In fact, this legislation would provide the crucial third link to the network of transition programs already in place. What we are doing here today, Mr. President, is merely closing the loop.

Let me end my remarks by saying it is my hope that we can achieve quick action on this important legislation. For the sake of small businesses across the country—and for the preservation of jobs for working Americans—we can no longer afford to wait.●

By Mr. MCCAIN:

S. 2947. A bill to authorize the transfer of certain funds from the Defense Environmental Restoration Account to the Department of Defense Base Closure Account 1990, and for other purposes; to the Committee on Appropriations.

TRANSFER OF CERTAIN FUNDS

● Mr. MCCAIN. Mr. President, the Department of Defense is engaged in a comprehensive process of base closure in communities throughout the Nation. As Congress has acknowledged, the Federal Government has an obligation to fully clean up hazardous waste problems at closing installations and to facilitate the productive reuse of the property.

Today, Senator COHEN, Senator MITCHELL, and I are introducing legislation to solve a serious funding problem which threatens timely cleanup and reuse of bases targeted for closure by the 1990 Base Closure Commission.

Last year's Defense authorization bill established a special cleanup account for round II base closures, including Williams Air Force Base in Arizona, Loring Air Force Base in Maine, and Castle Air Force Base in California. While the Defense Appropriations Act for fiscal year 1992 earmarked $69 million for cleanup activities at closed bases, the bill did not specifically place the money into the special account.

Secretary Cheney believes that the Department has no authority to transfer money into the unfunded account—so cleanup money for this fiscal year at round II base closures does not exist.

The Department has been using carry-over funds from last year to conduct cleanup work up to this point in the fiscal year. Those funds will soon be depleted.

The absence of funding will severely disrupt round II cleanups, and, unless the problem is remedied, needed environmental restoration activities scheduled for completion this year will not even be started. This is unacceptable.

The legislation we are introducing will remedy this problem by permitting DOD to transfer $69 million from the Defense Environmental Restoration Program into the round II base cleanup account.

I cannot overemphasize the urgency of this situation, and the importance of restoring cleanup funds immediately. Any delay in base cleanup will cause unnecessary hardship on local communities which are working diligently to put closed-base property to new and productive uses.

Mr. President, some may question whether taking $69 million from the Defense Environmental Restoration Program [DERA] might impede environmental cleanups at open military installations. Senator MITCHELL, Senator COHEN, and I certainly do not intend to reduce funding or adversely impact the DERA program in anyway. In that regard, we note that the Depart-

ment has full latitude to reprogram money from other Defense accounts into DERA so that the program will remain whole.

Mr. President, I want to make one final point on this legislation. The Defense Supplemental Appropriations bill proposed by the administration contained a legislative remedy to the round II cleanup funding problem, including the infusion of additional funds into the program.

Introduction of the bill today should in no way interfere with or deemphasize consideration of or action on the supplemental appropriations bill. However, we are late in the fiscal year and the prospect for passage of the measure is uncertain. Accordingly, we are compelled to introduce this legislation to ensure that at least $69 million for round II cleanups is available this year.

I want to thank Senator MITCHELL and Senator COHEN. They have been working very hard to resolve this issue. I appreciate their leadership and assistance. We urge the Senate to act expeditiously to pass this bill.

I ask unanimous consent that a copy of the legislation be printed in the RECORD.

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

S. 2947

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORIZATION OF TRANSFER OF FUNDS.

Notwithstanding section 2906(a)(2)(B) of the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510; 10 U.S.C. 2687 note), the Secretary of Defense shall transfer $69,000,000 from the Defense Environmental Restoration Account established under section 2703(a)(1) of title 10, United States Code, to the Department of Defense Base Closure Account 1990 established under 2906(a)(1) of such Act. Amounts so transferred shall be available to carry out the activities described in section 2905(a)(1)(C) of such Act.●

By Mr. MURKOWSKI:

S. 2948. A bill for the relief of certain subcontractors that incurred losses resulting from the avoidable insufficiency of payment and performance bonds furnished in connection with Corps of Engineers Project DACA 85–88–C–0025 at Eielson Air Force Base, AK; to the Committee on the Judiciary.

RELIEF OF CERTAIN SUBCONTRACTORS

Mr. MURKOWSKI. Mr. President, I rise today to introduce a private relief bill on behalf of Alaskan subcontractors and suppliers who were injured as a result of the default of the general contractor on a Corps of Engineers project at Eielson Air Force in Alaska.

BACKGROUND

In June of 1988, the Corps of Engineers awarded this contract for the construction of an aircraft maintenance management facility to Gittins Construction, Inc. After the payment and performance bonds were submitted to the corps, notice to proceed was issued on July 15. On August 9, 1988, the bonds and individual sureties were rejected by the Judge Advocate General's Office in Falls Church, VA. Unfortunately, the Anchorage office of the corps had already allowed work on the Eielson project to begin and had issued the first payment to the contractor. The contractor started construction, involving numerous subcontractors and suppliers. As work progressed, the corps was aware of Gittins' serious bonding problems, but this information was withheld from the subcontractors and suppliers on the project.

Subsequent payment and performance bonds, guaranteed by the same individual sureties, were also rejected by the Judge Advocate General's Office. Bonding was belatedly approved by the corps on November 17. By late November, instances of nonpayment to the subcontractors had begun and were brought to the attention of the corps. In early January 1989, Gittins Construction bid on another military construction contract at Fort Wainwright in Alaska, where it was the apparent low bidder. Upon review of the bid documents, it was determined that the individual sureties were over-obligated on their bid bonds. This was discovered in part because of information that had developed since the investigation of the contract at Eielson Air Force Base.

Armed with this additional knowledge, the corps allowed construction on the Eielson project to continue, while the subcontractors were denied critical information about the bonding. Finally, on April 7, 1989, the corps wrote to Gittins insisting on additional sureties on the project. After Gittins subsequently missed the deadline to offer the additional sureties, the corps terminated Gittins' contract for default and all rights on the contract forfeited to the Government.

Although Gittins was paid by the corps, it failed to fully compensate its subcontractors and suppliers as required by the contract with the corps and the individual contracts of the subcontractors and suppliers. The subcontractors and suppliers have been unable to collect against either Gittins or the sureties because Gittins has filed for bankruptcy and the individuals used as sureties cannot be located. The affected parties have expended considerable amounts in attorneys fees, time, and effort in attempting to obtain payments they are rightfully due for their performance on the Corps of Engineers' contract. The financial stability of many of them has been threatened as a result.

The fundamental purpose of the Miller Act, the Federal acquisition regulations, and other applicable Federal regulations are to protect the Government and those who supply labor and materials on Government jobs by ensuring that adequate security exists for the bonds accepted by the Government. The Corps of Engineers had an obligation to ensure the adequacy of the individual sureties on this contract.

PROBLEM COULD HAVE BEEN PREVENTED

Mr. President, I believe that this problem could have been prevented had the Corps made a more diligent effort to ensure that bonding and sureties on the project were adequate. At the inception of the project, the Judge Advocate General's office rejected the adequacy of the bonding and sureties put forth by Gittins. The corps continued with the project, making payment to Gittins, without notifying affected parties of the serious risk posed by the inadequacy of the bonding.

We have raised this issue on a number of occasions with the Corps of Engineers. Throughout these discussions, the corps has maintained that the nonpayment is a business risk that subcontractors and suppliers must shoulder when working on federally funded projects. While this may be the case, the corps was ultimately responsible for determining the acceptability of the individuals proposed as sureties and the bonds they were required to execute. If the information about the inadequacies of the bonding had been conveyed to the subcontractors, this situation may have been prevented. Although Federal acquisition regulations have been strengthened in the last few years to prevent damage to future subcontractors, it provides no relief for those injured in the past. The only remedy available at this time appears to be the passage of private relief legislation, an equitable remedy which I believe fairness dictates.

CONCLUSION

These Alaskan subcontractors relied on the corps to ensure that the necessary safeguards were in place, reliance the corps was most certainly aware of, and the subcontractors were injured as a result of this reliance. Principles of equity and fairness demand that the subcontractors be provided with relief. Passage of my legislation would ensure that the affected parties are fully and fairly compensated for their performance under the contract. I urge my colleagues to support this legislation.

By Mr. KENNEDY (for himself and Mr. INOUYE):

S. 2949. A bill to amend the Public Health Service Act to provide for the conduct of expanded research and the establishment of innovative programs and policies with respect to traumatic brain injury, and for other purposes; to the Committee on Labor and Human Resources.

TRAUMATIC BRAIN INJURY ACT

● Mr. KENNEDY. Mr. President, today I am introducing legislation to assist

the two million citizens who suffer traumatic head injuries each year from automobile collisions, bicycle falls, recreational accidents, assaults, and other tragic incidents. Approximately 100,000 of these victims die within hours of the episodes, but 500,000 others will survive, requiring expensive hospitalization. Nearly 90,000 of the annual survivors will suffer lifelong disabilities, 5,000 will become epileptic, and 2,000 are likely to exist in a persistent vegetative state. The cost of providing medical services for individuals who suffer traumatic brain injuries is $25 billion a year.

Such trauma is currently the leading cause of death and disability among young Americans in the 15- to 24-year-old age group. Head injury is the third leading neurological cause of disability in the United States today. Of the 2 million who experience traumatic head injuries annually in the United States, as many as 20 percent are children. Successful treatment of these injuries requires more medical research, effective practice guidelines for trauma, and coordination of preventive services to reduce the occurrence of brain injuries.

The American Association of Neurological Surgeons had established a program for physicians called Think First to educate the Nation on the dangers of these cord injuries. The National Safe Kids campaign encourages children and young adults to use bicycle helmets and take other steps to make injury prevention an important part of a child's life.

The public sector has also played an important role in educating the Nation about methods to prevent traumatic brain injury. The Massachusetts Rehabilitation Commission has taken the lead among States in establishing a program called Statewide Head Injury Program [SHIP]. This program created in 1985, is a model for assisting those with brain injuries. The legislation I introduce today will expand preventive efforts and improve the quality of medical care.

This legislation will provide support for States to develop programs for greater access to a wide range of health and social services in communities. We must target our limited health resources more effectively and more directly. A comprehensive plan is needed that emphasizes a public-private partnership. The legislation contains provisions to conduct a study to determine the major causes of traumatic brain injury, to support efforts to identify effective prevention programs, to expand basic and applied research efforts to prevent the complications of traumatic brain injury, and to establish practice guidelines for the treatment of individuals with such injuries.

I urge my colleagues to join me as cosponsors of this legislation. I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2949

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Traumatic Brain Injury Act of 1992".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) the incidence of head injury in the United States is increasing, with over 2,000,000 head injuries per year resulting from automobile crashes, sports, recreational activities, assaults, violence and other falls and incidents;

(2) a majority of all head injuries are caused by motor vehicle accidents;

(3) individuals between the ages of 15 and 24 are at greatest risk for suffering head injuries;

(4) of the individuals who sustain head injuries each year, approximately 500,000 require hospitalization, and 75,000 to 100,000 of such individuals die within hours of the injury;

(5) of the individuals who survive head injuries each year, approximately 70,000 to 90,000 will suffer irreversible debilitating loss of function, 5,000 will contract epilepsy as a result of the injury, and 2,000 will exist in a coma;

(6) a significant number of individuals with traumatic brain injury are not easily restored to society and require years of rehabilitation, medical follow-up and integrated community services, which are costly because they are not readily available;

(7) individuals suffering with traumatic brain injury require coordinated and specialized services, including post-injury supervised programs facilitating community reentry;

(8) many health and social service agencies, both public and private, overlook, exclude or inadequately serve individuals surviving traumatic brain injury;

(9) society bears an economic cost of approximately $25,000,000,000 per year for the direct and indirect costs of traumatic brain injury, which include medical treatment, rehabilitative and support services and lost income;

(10) a program to develop national standards for helmets used by bicyclists and others is needed; and

(11) a national plan to provide services for individuals surviving traumatic brain injuries and their families is needed.

(b) PURPOSE.—It is the purpose of this Act to—

(1) facilitate the conduct of research and the collection and compiling of accurate statistical data on traumatic brain injury;

(2) raise public awareness concerning the risks and impact of such injuries and the distinct needs of individuals surviving traumatic brain injury and their families;

(3) promote the creation of innovative programs and policies to prevent traumatic brain injury and to rehabilitate those individuals who have survived such injuries;

(4) designate a Federal agency to oversee and promote projects relating to the prevention of, and rehabilitation from, traumatic brain injury;

(5) create State advisory boards to coordinate citizen participation in community programs dealing with traumatic brain injury;

(6) create a traumatic brain injury registry to collect data on the number of persons who sustain traumatic brain injuries;

(7) establish standards for the marketing of brain injury services;

(8) require the Secretary to publish an annual report concerning the activities of the Department of Health and Human Services in this area; and

(9) provide for the establishment of a program to establish national standards for helmets used by bicyclists and others.

SEC. 3. AMENDMENT TO PUBLIC HEALTH SERVICE ACT.

Title XII of the Public Health Service Act (42 U.S.C. 300d et seq.) is amended—

(1) by redesignating part C as part D;

(2) in section 1232(a) (42 U.S.C. 300d-32(a)), by inserting "other than part C," after "carrying out this title,"; and

(3) by inserting after part B, the following new part:

"PART C—TRAUMATIC BRAIN INJURY

"SEC. 1225. DEFINITIONS.

"As used in this part:

"(1) DIRECTOR.—The term 'Director' means the Director of the Centers for Disease Control.

"(2) TRAUMATIC BRAIN INJURY.—The term 'traumatic brain injury' means an acquired injury to the brain caused by an external physical force resulting in total or partial disability or impairment. Such term includes open and closed head injuries that may result in mild, moderate, or severe impairments in one or more areas including cognition, language, memory, attention, reasoning, abstract thinking, judgment, problem-solving, sensory perceptual and motor abilities, psychosocial behavior, physical functions, information processing, and speech. Such term does not include brain injuries that are congenital or degenerative or brain injuries induced by birth trauma, but may include brain injuries caused by anoxia and other related causes.

"SEC. 1225A. STUDY OF EFFECTIVENESS OF TRAUMATIC BRAIN INJURY INTERVENTIONS.

"(a) CONDUCT.—The Secretary, acting through the Director of the Centers for Disease Control, shall conduct a study concerning traumatic brain injury.

"(b) MAJOR FINDINGS.—The study conducted under subsection (a) shall seek to—

"(1) determine the major causes of traumatic brain injury;

"(2) identify common therapeutic interventions which are used for the rehabilitation of individuals with traumatic brain injuries, and shall include an analysis of—

"(A) the effectiveness of each such intervention in improving the functioning of individuals with brain injuries; and

"(B) the comparative effectiveness of interventions employed in the course of rehabilitation of individuals with brain injuries to achieve the same or similar clinical outcome.

"(3) determine the preventive efforts that are being used by States and non-profit agencies to reduce the occurrence of such injuries;

"(4) identify effective treatment and long-term rehabilitation services needed to meet the needs of individuals with traumatic brain injuries;

"(5) develop practice guidelines for the treatment of traumatic brain injury; and

"(6) determine whether there is a need for national standards for helmets used by bicyclists and others.

"(c) REPORTING REQUIREMENTS.—Not later than 3 years after the date of enactment of this part, the Secretary shall prepare and submit to the appropriate committees of Congress, a report containing the results of the study conducted under subsection (a).

"(d) BIENNIAL REPORT.—The Secretary shall biennially prepare a report containing recommendations for the prevention of traumatic brain injuries. The report shall also identify States that have mandated helmet laws for bicyclists and others. Such reports shall be disseminated to State health officers.

"(e) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated to carry out this section, $2,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 through 1995.

"SEC. 1225B. AGENCY DATA GATHERING SYSTEMS.

"(a) DATA GATHERING.—The Director shall be responsible for gathering data concerning the number of individuals surviving traumatic brain injury and regarding the cost of traumatic brain injuries.

"(b) REPORTING SYSTEM.—To assist in data and information gathering as required under subsection (a), the Director shall establish a uniform reporting system under which hospitals, State and local health-related agencies will report to the Director on matters including—

"(1) the occurrence of traumatic brain injuries;

"(2) the amount of traumatic brain injury research, training and services;

"(3) the identification of States and localities that have approved mandated helmet use laws for bicyclist and others; and

"(4) the health insurance status of individuals with traumatic brain injury.

The reporting system should be established to permit the Director to make an accurate assessment of resource needs, provide a basis for the allocation of resources, and track survivors of traumatic brain injury, from the provision of initial health care through long-term rehabilitation.

"(c) SURVEY AND COOPERATIVE AGREEMENTS.—

"(1) SURVEY.—The Director shall determine which Federal, State, local or other entities collect data on traumatic brain injury and the means by which such entities collect such data.

"(2) COOPERATIVE AGREEMENTS.—The Director may enter into cooperative agreements with other agencies, and provide assistance to other entities with responsibility for data collection, to establish traumatic brain injury as a specific reportable condition in existing and future reporting systems. Any data systems established in conjunction with such agencies should be compatible with other such data systems.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $2,000,000 for fiscal year 1993 and such sums as may be necessary for each of the fiscal years 1994 and 1995.

"SEC. 1225C. SPECIAL PROJECTS AND RESEARCH GRANTS.

"(a) RESEARCH AND SUPPORT.—The Secretary may award grants to State and local entities, and to public or non-profit private entities, to support—

"(1) special prevention and public awareness initiative projects;

"(2) model traumatic brain injury prevention, research and support programs;

"(3) projects that study the service needs of individuals with traumatic brain injury; and

"(4) projects involving grants for services coordination.

"(b) APPLICATION.—To be eligible to receive a grant under subsection (a), an entity shall prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $3,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 and 1995.

"SEC. 1225D. PREVENTION PROGRAMS.

"(a) IN GENERAL.—The Secretary shall cooperate with, and may provide assistance to, public and private nonprofit entities to reduce the incidence of traumatic brain injury through the establishment and effectuation of prevention projects.

"(b) REQUIREMENTS.—To be eligible to receive assistance under subsection (a), an entity shall—

"(1) prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require; and

"(2) provide assurances to the Secretary that any preventive measures implemented under a prevention project funded under this section will include—

"(A) behavioral and environmental interventions (such as physical restraints or helmets for individuals using bicycles, in-line roller skates, and skateboards);

"(B) the use of innovative and proven model prevention approaches;

"(C) the promotion of activities that will minimize brain injury risk in athletes (such as the use of head protection gear); and

"(D) the improvement of community-level access to data-base systems to assist in designing, developing, and implementing traumatic brain injury prevention programs.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $4,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 and 1995.

"SEC. 1225E. BASIC AND APPLIED RESEARCH.

"(a) IN GENERAL.—The Secretary, acting through the Director of the National Institutes of Health, may provide assistance to public and private nonprofit entities to support the conduct of basic and applied research concerning traumatic brain injury, especially with respect to the biomechanics of brain injury, the molecular and cellular characteristics of primary and secondary injury to the brain and the development of improved experimental brain injury models.

"(b) SPECIFIC RESEARCH.—Research to be conducted with assistance provided under subsection (a) shall be determined by the Secretary, prior to the provision of such assistance, to contribute to the creation of prevention strategies that will limit both primary and secondary mechanical, biochemical and metabolic insults to the brain and minimize the extent, severity and progression of resulting dysfunctions. In implementing this section the Secretary shall emphasize applied research concerning—

"(1) the development of new methods and modalities for the more effective measurement of diagnosis, degree of injury, post-injury monitoring and prognostic assessment of head injury for critical, acute, subacute and prolonged phases of care;

"(2) the development, modification and evaluation of therapies that retard, prevent or reverse brain damage after acute head injury, that arrest further deterioration during the subacute phase and that provide the restitution of function for individuals with long-term injuries;

"(3) the integration of basic research into clinical care settings;

"(4) a determination of the need for national standards for helmets used on the part of bicyclists and others; and

"(5) the development of major outcome research initiatives in traumatic brain injury rehabilitation that shall include—

"(A) an identification of the levels of outcome throughout the continuum of care from coma to community setting;

"(B) an identification of the appropriate measurement instruments to determine outcome measures;

"(C) the development of models of intervention;

"(D) the institution of multisetting trials of each model with appropriate outcome measures;

"(E) the development of programs that increase the participation of academic centers of excellence in rehabilitation research, training and treatment;

"(F) the conduct of a series of national consensus conferences on rehabilitation outcomes and model programs on traumatic brain injury; and

"(G) the publication of findings concerning outcomes of rehabilitation.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $5,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 and 1995.

"SEC. 1225F. PROTECTION AND ADVOCACY DEMONSTRATION PROJECT.

"(a) GRANTS.—The Secretary shall award grants to States for the establishment of Statewide protection and advocacy demonstration projects for individuals affected by traumatic brain injury.

"(b) ELIGIBILITY.—To be eligible to receive a grant under subsection (a), a State shall—

"(1) prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require;

"(2) provide assurances that it will prepare and submit to the Secretary reports describing the activities undertaken under the State system established under the grant;

"(3) provide assurances that it will prepare and submit to the Secretary reports concerning any State efforts undertaken to establish a protection and advocacy system for individuals with traumatic brain injuries;

"(4) designate a State coordinator for traumatic brain injuries who—

"(A) shall establish policies and standards for coordinating services within the State for individuals with traumatic brain injury;

"(B) may contract with qualified agencies or employ staff to provide services under this section on a statewide basis to eligible individuals;

"(C) shall be responsible for a program of activities related to preventing and reducing the rate of traumatic brain injuries in the State according to standards established by the Centers for Disease Control;

"(D) shall establish and maintain a central registry of persons who sustain traumatic brain injury in order to—

"(i) collect information to facilitate the development of injury prevention, treatment, and rehabilitation programs;

"(ii) ensure the provision to persons with traumatic brain injury of information regarding appropriate public or private agencies that provide rehabilitative services so that injured persons may obtain needed service to alleviate injuries and avoid secondary problems, such as mental illness and chemical dependency; and

"(iii) report data to the Director on an annual basis for State reporting requirements;

"(E) shall, within 30 days of receiving a report that an individual has suffered a traumatic brain injury or spinal cord injury, no-

tify the State agency responsible for jobs and training and shall include the person's name and other identifying information;

"(F) shall, after consultation with the State advisory board established under section 1225G, establish standards regarding the marketing of services (by hospitals and other providers) to traumatic brain injury patients or family members, disseminate the standards to case management programs, and furnish information on such standards to individuals who suffer traumatic brain injuries (and the family members of such individuals) at the earliest appropriate opportunity after the individual has suffered the injury (such standards to include (at a minimum) a rule prohibiting payments under a case management program under this section for referring patients to rehabilitation facilities);

"(G) shall collect injury incidence information, analyze the information, and conduct special studies regarding traumatic brain injury; and

"(H) shall provide summary registry data to public and private entities to conduct studies using data collected by the traumatic brain injury registry established under subparagraph (C), for which the coordinator may charge a fee for all expenses associated with the provision of data or data analysis; and

"(5) provide assurances that a protection and advocacy system established under this section will—

"(A) provide legal, administrative and other appropriate remedies or approaches to ensure the protection of, and advocacy for, the rights of individuals with traumatic brain injury within the State who are or may be eligible for treatment, services, or rehabilitation;

"(B) provide information and referral to programs and services addressing the needs of individuals with traumatic brain injuries; and

"(C) provide for the investigation of incidents of abuse and neglect of individuals with traumatic brain injuries when incidents are reported.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $20,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 and 1995.

"SEC. 1225G. STATE ADVISORY BOARDS.

"(a) ESTABLISHMENT.—Each State that receives assistance under this part shall establish a consumer-controlled advisory board within the Department of Health or Human Services of the State or within another department as designated by the chief executive officer of the State.

"(b) FUNCTIONS.—An advisory board established under subsection (a) shall coordinate intra- and intercommunications with and between Federal, State and local agencies, citizen's groups, private industry (such as the insurance, health care, pharmaceutical, athletic and automobile industries) and labor and nonprofit organizations. Such advisory boards shall encourage citizen participation through the establishment of public hearings and other types of community outreach programs.

"(c) COMPOSITION.—An advisory board established under subsection (a) shall be composed of representatives of—

"(1) the corresponding State agencies involved;

"(2) public and private health related organizations;

"(3) other disability advisory or planning groups within the State; and

"(4) at least one member of an organization or foundation representing traumatic brain injury survivors in that State.

The majority of the members of an advisory board shall be individuals with traumatic brain injuries or a family member of such an individual.

"(d) SERVICES COORDINATION DEMONSTRATION PROJECT FOR INDIVIDUALS WITH TRAUMATIC BRAIN INJURIES.—

"(1) IN GENERAL.—For purposes of identifying the services required to prevent the institutionalization or to minimize the need for residential rehabilitation in the case of traumatic brain injuries, a services coordination program shall be established in each State.

"(2) REQUIREMENTS.—To be eligible to receive funds under this section, a services coordination program established under paragraph (1) shall—

"(A) provide for the initial assessment of the individual's need for traumatic brain injury services;

"(B) provide for the reassessment of each patient at regular intervals of at least every 3 months to determine the extent of each patient's progress, to ascertain whether a patient is being kept too long in a given setting or provided services inappropriately, or to determine whether the patient would be better served by other services or in another setting;

"(C) prepare a treatment plan for each individual requiring services coordination, within 15 days after the individual suffers the injury, based on a consultation with the individual (other than an individual who is comatose) and any person named by the individual, except that preparation of the plan may be delayed (by one or more periods of not to exceed 15 days each) based on a certification, including a brief explanation of the reason for the delay, by a physician attesting that such a delay is in the individual's best interests (a copy of the treatment plan and any modifications to the plan shall be presented to the individual or the individual's legal representative);

"(D) ensure that each individual's treatment plan is regularly updated (based on consultation with the individual and any person named by the individual) with data and information about treatments and services provided, as well as specific outcome measures of the individual's current performance or activity relative to goals previously established;

"(E) assist the individual in obtaining services necessary to allow the individual to remain in the community;

"(F) coordinate home care services with other services;

"(G) ensure appropriate, accessible, and cost-effective services;

"(H) assist the individual with problems related to the provision of home care services;

"(I) ensure the quality of home care services;

"(J) assess the individual's need for and level of home care services at appropriate intervals during the course of the individual's treatment under the program; and

"(K) explore efforts to include services coordination provisions under the State's medicaid program section 1931 of the Social Security Act.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, $5,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 and 1995.".

SEC. 4. NATIONAL HEAD INJURY AWARENESS MONTH.

The month of October, 1992, is hereby designated as "National Head Injury Month" and the President is requested to issue a proclamation calling on the people of the United States to observe such month with appropriate ceremonies and activities.

SEC. 5. EFFECTIVE DATE.

This Act shall become effective on October 1, 1992.•

By Mr. CHAFEE:

S. 2950. A bill to amend title XIX of the Social Security Act to stop cost shifting by pharmaceutical companies to health care providers by repealing the use of best price and increasing the discount used in determining rebates for prescription drugs purchased under Medicaid, to ensure the restoration of prescription drug discounts to various Federal programs, and for other purposes; to the Committee on Finance.

DETERMINATION OF PRICE OF CERTAIN PRESCRIPTION DRUGS

Mr. CHAFEE. Mr. President, today I am introducing legislation to correct a serious problem in the Medicaid Program which has led to significant increases in prescription drug prices for Federal and private purchasers. These increases are, and will continue to be, passed along to the consumer in form of higher health insurance premium costs, and higher out-of-pocket expenses for prescription drugs. For low-income individuals, these drugs may be completely out of reach.

Federal purchasers, including the Department of Veterans Affairs, Department of Defense, community health centers, and other public health service grant recipients have reported substantial increases in the prices charged to them by pharmaceutical manufacturers. Private purchasers, including hospitals, health maintenance organizations [HMO's], long-term care pharmacies, and group purchasing organizations have reported similar price increases. Unless this problem is corrected, it will lead to even higher drug prices for these purchasers.

In 1990, Congress enacted legislation requiring pharmaceutical companies to provide rebates to States for prescription drugs purchased on behalf of Medicaid patients. While I had concerns about the way that legislation was crafted, I supported, and continue to support, the idea that drug companies should offer discounts to State Medicaid Programs. Unfortunately, however, these requirements have contributed to across-the-board price increases.

Under current law, drug manufacturers must provide rebates to Medicaid which are equivalent to the greater of two figures: a flat discount of the average manufacturers price [AMP] or the best price they offer to any other purchaser. In most cases, the deepest discount is represented by the best price. While it makes economic sense to offer that best price to bulk purchasers, it

does not make sense to provide the same rebates to a program in which prescription drugs are purchased individually. As a result, some manufacturers have stopped providing large discounts to anyone because they will have to offer them to Medicaid. In fact, the Congressional Budget Office concluded in its recently completed analysis of the rebate law that discounts will continue to erode and will eventually disappear.

The legislation I introduce today will stop cost shifting by pharmaceutical manufacturers, will restore prescription drug discounts to Federal and private purchasers, and will guarantee that the Medicaid Program will continue to receive significant rebates from manufacturers for the purchase of prescription drugs. The bill does this by deleting the best price provisions in the Medicaid law, and increasing the annual percentage rebate to a level that guarantees equal revenue to the Medicaid Program next year, and in future years. CBO found that in order to maintain current savings to Medicaid, the minimum rebate would have to rise to 22 percent in fiscal year 1993, 19 percent in 1994, 17 percent in 1995, and 16 percent thereafter to maintain budget neutrality. Although I have introduced this legislation using the CBO numbers, I would be pleased to work with my colleagues to craft a fixed rebate formula applied consistently to all years.

In addition, this legislation assures discounts to public programs by requiring manufacturers to guarantee discounts equivalent to the Medicaid price for federally qualified health centers, family planning centers, and other programs which are eligible to purchase pharmaceuticals from the Federal supply schedule of the Department of Veterans Affairs. With the elimination of the best price requirement, I am hopeful that manufacturers will resume the practice of providing even deeper discounts to these purchasers than will be required.

Mr. President, the rising cost of health care, and particularly the costs of prescription drugs, threatens the availability of needed services for millions of middle- and low-income Americans. When an existing Federal law adds to and encourages these rising costs, Federal law must be changed. Through this legislation, manufacturers will regain the incentive to once again offer the discounts to public and private purchasers that benefit us all.

By Mr. METZENBAUM:

S. 2952. A bill to establish a grant program under which the National Highway Traffic Safety Administration for the purpose of promoting the use of bicycle helmets by individuals under the age of 16; to the Committee on Commerce, Science, and Transportation.

CHILDREN'S BICYCLE HELMET SAFETY ACT

• Mr. METZENBAUM. Mr. President, I rise to introduce legislation to encourage the use of bicycle helmets by children.

Everyone who rides a bicycle should wear a helmet. But, first and foremost, it's critical to get children to wear them. Children and young people have more head injuries than any other group. In fact, according to the organization—National Safe Kids Campaign—two-thirds of all bicycle-related head injuries occurred among American children under age 14. In 1990, 400 children died as a result of head injuries caused by bicycle accidents.

Deaths and injuries from bicycle accidents cost society $7.6 billion annually. A child suffering from a head injury, on average, will cost society $4.5 million over the child's lifetime.

Bicycle helmets work. Their proper use has been shown to reduce the risk of head injury by 85 percent. That's why States and localities have begun to adopt laws requiring or encouraging bicycle helmet use by children. Congress should help foster these efforts.

The legislation I am introducing today will do just that.

My bill will make available a total of $9 million in grant money to States, localities, and nonprofit organizations that require or encourage individuals under the age of 16 to wear bicycle helmets. The money can be used to set up a bicycle helmet bank for underprivileged children, for enforcement purposes, or to educate children and their families about the benefits of using helmets.

The legislation will also require the Consumer Product Safety Commission to issue uniform safety standards for adult and child-size bicycle helmets. It makes sense to ensure that if children are wearing helmets that these helmets be made of solid, safe construction. Bicycle helmets sold in the United States today do not have to meet any safety standards. Voluntary bicycle helmet safety standards exist but they are not uniform and are based on inadequate testing.

Mr. Chairman, only 5 percent of the children in this country who ride bicycles wear helmets. For safety's sake, we can and must do better. I urge my colleagues to support me in this endeavor. I ask unanimous consent that a letter of endorsement from safe kids be printed in the RECORD in its entirety and that the text of the bill also be printed upon the conclusion of my remarks.

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

S. 2952

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited the "Children's Bicycle Helmet Safety Act of 1992".

SEC. 2. FINDINGS.

The Congress finds that—

(1) 90,000,000 Americans ride bicycles and 20,000,000 of these bicyclists are children who ride a bicycle more than once a week;

(2) in 1990 more than 800 bicyclists in the United States were killed and over 580,000 were treated in emergency rooms for bicycle-related injuries; 400 of those killed and more than 380,000 of those injured were under the age of 14;

(3) head injuries are involved in 75 percent of all bicyclist deaths;

(4) deaths and injuries from bicycle accidents cost society $7,600,000,000 annually; a child suffering from a head injury, on average, will cost society $4,500,000 over the child's lifetime;

(5) bicycle helmets have been shown to reduce the risk of head injury by 85 percent and the risk of brain injury by almost 90 percent; and

(6) only 5 percent of children in the Nation who ride bicycles wear helmets.

SEC. 3. ESTABLISHMENT OF PROGRAM.

(a) IN GENERAL.—The Administrator of the National Highway Traffic Safety Administration (hereafter referred to in this Act as the "Administrator") shall, in accordance with this act, make grants to States, political subdivisions of a State, and nonprofit organizations, to assist in establishing or maintaining programs that require or encourage individuals under the age of 16 to wear approved bicycle helmets.

(b) DEFINITION.—For the purposes of this Act, the term "approved bicycle helmet" means a bicycle helmet that meets—

(1) any of the interim standards set forth in section 5(a), pending the establishment of a final standard under section 5(d); or

(2) the final standard, once it has been established pursuant to section 5(d).

(c) APPLICATIONS.—Applications for grants under this Act shall be made in such form and such manner as the Administrator shall, by regulation, require. Each application shall include an evaluation component designed to measure the effectiveness of any program for which assistance is sought.

SEC. 4. ELIGIBLE USES.

A grant under this Act may be used to—

(1) enforce any law that requires or encourages individuals under the age of 16 to wear approved bicycle helmets while riding bicycles;

(2) assist individuals under the age of 16 to acquire approved bicycle helmets;

(3) develop and administer a program to educate individuals under the age of 16 and their families on the importance of wearing approved bicycle helmets; or

(4) carry out any combination of the activities described in paragraphs (1), (2), and (3).

SEC. 5. STANDARDS.

(a) IN GENERAL.—Bicycle helmets manufactured 60 days or more after the date of the enactment of this Act shall conform to—

(1) any of the interim standards set forth in subsection (b), pending the establishment of a final standard pursuant to subsection (d); or

(2) the final standard, once it has been established under subsection (d).

(b) INTERIM STANDARDS.—The interim standards are as follows:

(1) The American National Standards Institute standard designated as "Z90.4–1984".

(2) The Snell Memorial Foundation standard designated as "B–90".

(3) Any other standard that the Consumer Product Safety Commission determines is appropriate.

(c) FAILURE TO MEET STANDARD.—Pending the establishment of a final standard under subsection (d), a helmet that does not conform to an interim standard set forth in subsection (b) shall be considered in violation of a consumer product safety standard promulgated under the Consumer Product Safety Act (15 U.S.C. 2051 et seq.).

(d) FINAL STANDARD.—Not later than 90 days after the date of the enactment of this Act, the Consumer Product Safety Commission shall begin a proceeding under section 553 of title 5, United States Code, to—

(1) review the requirements of the interim standards set forth in subsection (a) and establish a final standard based on such requirements;

(2) include in the final standard a provision to protect against the risk of helmets coming off the heads of bicycle riders;

(3) include in the final standard provisions that address the risk of injury to children; and

(4) include additional provisions as appropriate.

(e) CONSUMER PRODUCTS SAFETY STANDARD.—The final standard established under subsection (d) shall be considered a consumer product safety standard under the Consumer Product Safety Act.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this Act $2,000,000 for fiscal year 1993, $3,000,000 for fiscal year 1994, and $4,000,000 for fiscal year 1995.

NATIONAL SAFE KIDS CAMPAIGN,
Washington, DC, July 2, 1992.

Hon. HOWARD METZENBAUM,
U.S. Senate, Senate Russell Building, Washington, DC.

DEAR SENATOR METZENBAUM: On behalf of the National SAFE KIDS Campaign, I would like to express our support for the "Children's Bicycle Helmet Safety Act of 1992." The enactment of this important legislation will help to reduce the many bike-related head injuries and deaths to young children in this country.

As you know, the National SAFE KIDS Campaign is the first nationwide campaign ever undertaken to tackle the number one killer of children in America—unintentional injury. Every year, 8,000 children are killed and 50,000 are permanently disabled by unintentional injuries.

In 1989, the Campaign began focusing on the prevention of bicycle injuries, specifically head traumas, through the use of bike helmets and bike safety awareness measures. Our work continues with the help of 127 State and Local SAFE KIDS Coalitions (in 43 states and the District of Columbia), who provide bike helmets and bike safety information to children and their parents. Included in the Campaign's family are the Ohio State SAFE KIDS Coalition and 7 local coalitions in Central Ohio, Greater Cleveland, Delaware County, the Lancaster area, Sandusky County, Stark County and Summit County. You can be sure that these Coalitions will be working hard to support passage of this important legislation.

The statistics are compelling. Each year in the United States, approximately 400 children age 0–14 are killed in bicycle-related incidents. In 1990, an estimated 383,459 children age 0–14 were treated in emergency rooms for bike-related injuries. Seventy-five percent of all cyclist deaths involve head injuries and seventy percent of all hospitalized cyclists are treated for head trauma.

The dollar costs ($4.5 million per serious head injury) and the emotional devastation for the 50,000 children who suffer bike-related head injuries and their parents are staggering.

Yet we know that a solution as simple as wearing a bike helmet can reduce the risk of head injury by 85 percent and the risk of brain injury by almost 90%. Unfortunately, only 5 percent of children nationwide use bicycle helmets.

The legislation you have introduced will assist states and communities in their efforts to encourage the use of bicycle helmets by children and help to ensure that families who cannot afford to purchase bicycle helmets will be able to obtain them. By requiring the development of a federal safety standard for bicycle helmets, the "Children's Bicycle Helmets Safety Act of 1992" will also help to ensure that the bicycle helmets purchased by parents and caregivers will adequately protect their children in the event of a crash.

Senator Metzenbaum, thank you again for introducing this crucial legislation. It is an appropriate present for the children of America as we prepare to celebrate our nation's birthday.

If the Campaign can be of any assistance please do not hesitate to contact me.

Sincerely,

HERTA B. FEELY,
Executive Director.●

By Mr. METZENBAUM (for himself and Mr. WIRTH):

S. 2953. A bill to amend the Endangered Species Act of 1973 to clarify citizen suit provisions, and for other purposes; to the Committee on Environment and Public Works.

ENDANGERED SPECIES ACT AMENDMENTS

● Mr. METZENBAUM. Mr. President, I rise to introduce legislation which reverses a Supreme Court decision handed down recently which makes it harder to sue to enforce environmental laws.

The Supreme Court handed down a decision which said, in effect, that private citizens could not challenge the Bush administration's policy of funding Government projects abroad that threatened endangered species and their habitats.

It is no surprise that this administration refuses to apply the Endangered Species Act overseas. This administration never misses a chance to undermine environmental protection. From delaying the implementation of clean air regulations to the dismal performance at the Earth Summit in Rio recently, our self-proclaimed "environmental President" never fails to undercut environmental progress.

Now, the Supreme Court is getting into the act. It, too, is throwing up obstacles to environmental progress and worldwide conservation efforts.

In the Lujan versus Defenders of Wildlife case, several environmental groups were trying to challenge the Bush administration's failure to apply provisions of the Endangered Species Act to United States-funded development projects in Egypt and Sri Lanka. The Supreme Court refused to hear the case. The Court ruled that the environmental groups lacked standing to sue.

Congress specifically enacted a provision in the Endangered Species Act designed to give citizens the right to sue to enforce other provisions of the act. The Supreme Court ignored that directive.

Mr. President, the Supreme Court's decision is judicial activism in its most pernicious form. It threatens to undermine the opportunity of those concerned about the environment to have their day in court. And it threatens to transfer more power away from Congress and into the hands of the administration.

It is no wonder that Justice Harry A. Blackmun, in a dissenting opinion, called the decision a "slash-and-burn expedition" to keep environmental plaintiffs out of court.

Justice Blackmun went on to say that the "principal effect of foreclosing judicial enforcement of such procedures—under the Endangered Species Act—is to transfer power into the hands of the executive at the expense—not of the courts—but of Congress, from which that power emanates."

Congress simply cannot stand by and let the administration destroy the environment and cannot allow the Supreme Court to trample citizens' rights to protect it.

In Lujan versus Defenders of Wildlife, the Supreme Court said the individuals bringing suit against the Government did not meet the Court's narrow interpretation of standing. My bill would amend the Endangered Species Act's citizen suit provisions to ensure standing in this case. And it would also spell out that the Endangered Species Act applied to Government-backed projects overseas.

The legislation has the support of many environmental and conservation groups, including the Defenders of Wildlife, the Environmental Defense Fund, the Sierra Club, the Natural Resources Defense Council, the Humane Society, and the Center for Marine Conservation.

I ask unanimous consent that a letter signed by these groups supporting my bill be included in the RECORD at the end of my statement.

Mr. President, this is a critical issue that I hope we can hold hearings on shortly. I frankly don't know if my legislation is the best way to reverse the Supreme Court decision. A better solution may be borne out of testimony. Whatever the case, I will do my best to see that citizens are not stripped of their rights to challenge the Government on environmental matters. I also ask unanimous consent that the bill be printed in the RECORD.

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

DEFENDERS OF WILDLIFE,
Washington, DC, July 2, 1992.

Hon. HOWARD M. METZENBAUM,
Russell Senate Office Building, Washington, DC.

DEAR SENATOR METZENBAUM: We want to express our thanks and our strong support for the legislation you have prepared which addresses the issues raised in the recent Supreme Court decision *Lujan v. Defenders of Wildlife et al.*

In that case conservation and animal welfare organizations challenged a revision of an Interior Department regulation. The revised regulation exempts federal agency actions that occur overseas from compliance with Endangered Species Act consultation provisions. Under the revised regulation the Act fails to protect endangered and threatened species in foreign countries. There are over 500 such species overseas ranging from Asian elephants to mountain zebras. The Supreme Court refused to hear the challenge, finding that members of the groups were not sufficiently injured by the U.S. failure to enforce the Act even though U.S. agency actions directly affected the habitats that the members had visited and intended to visit again. The Court decided that the Endangered Species Act, as it is now written does not define an injury for which individuals may bring an action, nor does it specify what type of individuals may bring an action.

The proposed amendments define injury and injured party. A person who has an aesthetic, ecological, educational, professional, recreational, or scientific interest in an endangered or threatened species and has demonstrated that interest either by studying, visiting, or otherwise, will suffer an injury when an agency or other person takes action that will harm or adversely affect the species. The amendments also state the Congress' intention to prevent or redress those injuries by allowing suits to enforce the Act's procedures. The amendments also clarify that Congress intends the interagency consultation process to apply to species and actions overseas. This will implement the review process that is intended to avoid unnecessary harm to listed species, which was the reason the lawsuit was filed in 1986.

We believe that language of the bill is sound but would reserve the right to make further suggestions after we circulate the bill as introduced. The Court's moves to limit standing have a broad impact both within and beyond the Endangered Species Act. Therefore, we look forward to working with you to address these concerns on behalf of all of our members, all endangered species and the environment we share.

Sincerely,

John M. Fitzgerald, Defenders of Wildlife; Faith Thompson Campbell, Natural Resources Defense Council; John Grandy, Humane Society of the United States; Michael J. Bean, Environmental Defense Fund; Larry Williams, Sierra Club; Deborah Crouse, Center for Marine Conservation.

S. 2953

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Endangered Species Act Amendments of 1992".

SEC. 2 FINDINGS.

Section 2 of the Endangered Species Act of 1973 (16 U.S.C. 1531) is amended—

(1) by striking "and" at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting "; and"; and

(3) by adding at the end the following new paragraphs:

"(6) an action by the Federal Government, the government of a State or political subdivision of a State, or a private party that adversely affects the endangered or threatened species or the habitat of an endangered or threatened species injures each person with a demonstrated, aesthetic, ecological, educational, historical, professional, recreational, or scientific interest in the endangered or threatened species or the habitat of the endangered or threatened species; and

"(7) compliance with this Act (including the regulations promulgated under this Act) will deter or prevent any action by the Federal Government, the government of a State or political subdivision of a State, or a private party that may adversely affect an endangered or threatened species or result in the destruction or adverse modification of the habitat of the species.".

SEC. 2. INTERAGENCY COOPERATION.

Section 7(a) of the Endangered Species Act of 1973 (16 U.S.C. 1536(a)) is amended by adding at the end the following new paragraph:

"(5) The provisions of this section shall apply to any agency action with respect to any species listed under this Act as an endangered or threatened species carried out, in whole or in part, in the United States, in a foreign country, or on the high seas."

SEC. 3. CITIZENS SUITS.

Section 11(g) of the Endangered Species Act of 1973 (16 U.S.C. 1540(g)) is amended—

(1) by redesignating paragraphs (1) through (5) as paragraphs (2) through (6);

(2) by inserting after "(g) CITIZEN SUITS."— the following new paragraph:

"(1)(A) A person who has by studying, visiting, or other means demonstrated an aesthetic, ecological, educational, historical, professional, recreational, or scientific interest in an endangered or threatened species shall be deemed to suffer a direct and particularized injury in any instance in which any person, including the United States and any other governmental instrumentality or agency, takes action that may harm or adversely affect any threatened or endangered species, or result in the destruction or adverse modification of the critical habitat of the species. A reasonable likelihood of action or a proposal to act shall be considered a sufficient threat to constitute an injury under this paragraph.

"(B) Each person described in subparagraph (A) who suffers an injury described in subparagraph (A) (or who has a reasonable expectation of an injury) may commence a civil suit pursuant to paragraph (2) to prevent and redress any injury to an endangered or threatened species and to otherwise compel the implementation of any provision of this Act (including any regulation promulgated under this Act).";

(3) in paragraph (2), as redesignated by paragraph (1) of this section, in the matter preceding subparagraph (A), by striking "Except as provided in paragraph (2) of this subsection any person may" and inserting "Except as provided in paragraph (3) of this subsection, any person described in paragraph (1), or who is otherwise injured, may";

(4) in paragraph (3), as redesignated by paragraph (1) of this section—

(A) in subparagraph (A), by striking "subparagraph (1)(A)" and inserting "paragraph (2)(A)"; and

(B) in subparagraph (B), by striking "subparagraph (1)(B)" and inserting "paragraph (2)(B)"; and

(C) in subparagraph (C), by striking "subparagraph (1)(C)" and inserting "paragraph (2)(C)"; and

(5) in paragraph (5), as redesignated by paragraph (1) of this section, by striking "paragraph (1)" and inserting "paragraph (2)".•

By Mr. WOFFORD (for himself and Mr. SPECTER):

S. 2954. A bill to expand the Fort Necessity National Battlefield", and for other purposes; to the Committee on Energy and National Resources.

EXPANSION OF FORT NECESSITY NATIONAL BATTLEFIELD

• Mr. WOFFORD. Mr. President, tomorrow marks the anniversary of the 1754 attack by French forces against outnumbered British and Virginian soldiers at Fort Necessity. The attack on the fort, then on the western frontier of the English colonies and now in Fayette County, PA, marked the first battle of the French and Indian War. The Virginians were under the command of a 22-year-old colonel, George Washington, who had ordered the fort built in anticipation of the French attack.

Several weeks earlier on May 27, 1754, Washington surprised a small French force in a short skirmish some 7 miles from the future Fort Necessity site. The site is now known as Jumonville Glen, named after French commander Joseph Coulon de Villiers, Sieur de Jumonville. That skirmish on the colonial frontier began, in Francis Parkman's words, "the war that set the world on fire." Control for North America would spread in a war that ranged over two continents and lasted until 1763 when the Treaty of Paris gave Great Britain control of the former French colonies.

After Washington's 1754 defeat at Fort Necessity, British and colonial forces under Gen. Edward Braddock attempted to take Fort Duquesne from the French a year later. Braddock, too, met defeat and his forces retreated to Dunbar's Camp at the site of Jumonville Glen, where they destroyed or buried large quantities of supplies.

The legislation I am introducing today with Senator SPECTER expands the boundaries of Fort Necessity National Battlefield to include the area where the British and colonial forces buried their supplies in 1755. The site offers rich opportunities for archeological inquiry into the operations of the British and colonial forces during the French and Indian War. The potential resources at the Dunbar's Camp site can enrich and educate us on early American history and the role of the French and Indian War in the development of the frontier. Similar legislation providing for archeological study has passed the House. By protecting the Nation's past we can learn lessons that will enlighten now and in the future.

I ask unanimous consent that a copy of my bill be printed in the RECORD.

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

S. 2954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. BOUNDARIES OF FORT NECESSITY NATIONAL BATTLEFIELD.

(a) JUMONVILLE GLENN UNIT.—

(1) MODIFICATION OF BATTLEFIELD BOUNDARIES.—The boundaries of the Fort Necessity National Battlefield, Pennsylvania (referred to in this Act as the "Battlefield"), are modified to include the area that comprises approximately 190 acres and is generally depicted on the map entitled "Boundary Expansion, Jumonville Glen Unit, Fort Necessity National Battlefield", numbered DSC-336-20043A, and dated July 1991.

(2) PUBLIC INSPECTION OF MAP.—The map referred to in paragraph (1) shall be on file and available for public inspection in the Office of the Director of the National Park Service, Department of the Interior.

(3) MODIFICATION OF UNIT BOUNDARIES.—

(A) IN GENERAL.—The Secretary of the Interior (referred to in this Act as the "Secretary") may modify the boundaries of the Jumonville Glen Unit of the Battlefield as depicted on the map referred to in paragraph (1) to exclude lands (not to exceed 2 acres) on which are located principal structures actively used by the owner of the structures as of July, 1, 1991.

(B) REVISION OF MAP.—Following a modification in accordance with subparagraph (A), the Secretary shall prepare and make available for public inspection in accordance with paragraph (2) a revised map of the Jumonville Glen Unit.

(b) DUNBAR'S CAMP AREA.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Secretary, acting through the Director of the National Park Service, shall—

(A) conduct such investigations of archaeological sites in the vicinity of the Jumonville Glen Unit of the Battlefield as are necessary to more precisely locate and identify Dunbar's Camp; and

(B) submit a report containing the results of the investigations to the Committee on Interior and Insular Affairs of the House of Representatives and the Committee on Energy and natural Resources of the Senate.

(2) FURTHER BOUNDARY MODIFICATIONS.—The Secretary may modify the boundaries of the Jumonville Glen Unit of the Battlefield to include such additional lands (not to exceed 30 acres) as are necessary to preserve and interpret the historic resources associated with Dunbar's Camp.

SEC. 2. ACQUISITION OF LANDS.

The Secretary of the Interior may acquire lands or interests in lands within the boundaries of the Battlefield by donation, purchase with donated or appropriated funds, or exchange.

SEC. 3. ADMINISTRATION.

(a) In General.—The Secretary shall administer the Battlefield in accordance with the laws generally applicable to units of the national park system, including—

(1) the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916 (16 U.S.C. 1 et seq.); and

(2) the Act entitled "An Act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes", approved August 21, 1935 (16 U.S.C. 461 et seq.).

(b) PRESERVATION AND INTERPRETATION OF HISTORIC RESOURCES.—In administering the Battlefield, the Secretary shall take such action as in necessary to preserve and interpret the historic resources associated with—

(1) the social and military history of the European and Native American contests for North America;

(2) the social, political, and economic history of the westward expansion of the American frontier; and

(3) the social, political, and economic history of the early National Period of the United States.

SEC. 4. COOPERATIVE AGREEMENTS.

(a) IN GENERAL.—In accordance with subsection (b), the Secretary shall enter into cooperative agreements with those landowners in Fayette County, Pennsylvania, whose activities on their properties could have harmful effects on the Battlefield, the resources within the Battlefield, and the enjoyment of visitors to the Battlefield.

(b) ASSISTANCE.—A cooperative agreement shall be entered into pursuant to subsection (a) in order to prevent the harmful effects described in subsection (a) through technical assistance, land use agreements, or such other means as are agreed upon by the Secretary and the landowner.

(c) EXPENDITURE OF FUNDS.—The Secretary, acting through the Director of the National Park Service, may expend Federal funds to carry out cooperative agreements entered into pursuant to subsection (a).

SEC. 5. TECHNICAL CORRECTION.

The Act entitled "An Act to provide for the commemoration of the Battle of Fort Necessity, Pennsylvania", approved March 4, 1931 (46 Stat. 1522), is amended by striking "1757" and inserting "1754".●

By Mr. WARNER:

S. 2955. A bill to amend the Internal Revenue Code of 1986 to improve disclosure requirements for tax-exempt organizations; to the Committee on Finance.

TRUTH IN TAX-EXEMPT GIVING ACT

Mr. WARNER. Mr. President, I rise to introduce a bill which I spoke about in this Chamber on June 24, 1992, the Improved Disclosure to Donors by Tax-Exempt Organizations Act. The purpose for introducing my ideas at that time was to invite comments. Since then, I have met with representatives from various charitable and tax-exempt organizations, as well as staff members from the Senate Finance Committee, and have received a good cross-section of views.

To recap briefly, the purpose of this bill is to provide more information, more easily, to individuals who donate, or are contemplating a donation to a tax-exempt organization. In the wake of the United Way debacle, I came to feel strongly that there was a need for heightened awareness of the manner in which certain tax-exempt organizations spent their money. Individuals should be made aware of the net proceeds an organization takes in, and how much of that is going to overhead, including salaries. Once the public is aware that such a disclosure form is available to them, I believe they will take a greater interest in the way a tax-exempt organization spends its money, and will feel more confident how their donations are being spent.

Based on the constructive comments which I have received since June 24, I have modified the legislation in these ways. First, I have included a floor of $100,000. Any 501(c)3 or 501(c)4 organization making less than that amount in gross revenues in 1 year will be exempted from the requirements of my legislation. Second, my legislation would increase the amount of the penalty for noncompliance from the current $10 per person, per day to $50 per person, per day. Such a requirement will also hopefully deter persons from harassing charities if the individual has no intention to donate money.

This is how my legislation would work. A 501(c)3 or 4 organization must inform a donor, upon acknowledging receipt for his contribution, that a disclosure form is available, and will be sent to the donor at his request. I purposely have not legislated the details of how the organization is to inform the donor of the availability of the disclosure form. I believe, however, that the logical course of action would be as such: donors would send a contribution to their favorite 501(c)3 or 4 organization. The organization would then send the donor an acknowledgement noting receipt of the contribution and informing him that a disclosure form prepared by the organization is available. The individual would be required to send the organization the necessary postage and reasonable processing and handling fees, which my bill has set at $2 plus a self-addressed stamped envelope. The organization would then be required, within 30 days, to send the information to the donor. Potential donors also would be required to send in the required fee. The organization will notify them of this procedure when the potential donor calls or writes asking for the information.

Mr. President, as I mentioned last week, by no means do I wish to create cumbersome reporting requirements that will prove to be a burden for the tax-exempt organizations. Rather, my goal is to strengthen public confidence in tax-exempt giving by creating a Sunshine Act for donors contributing to certain tax-exempt organizations. My legislation only focuses on the tax-exempt organizations which fall under sections 501(c)3 and 501(c)(4). In addition, my bill would exempt hospitals and educational institutions. Existing law already exempts churches.

Mr. President, the American people, as a whole, are extremely generous, and enjoy giving of their time and money to charitable causes. Unfortunately, the current atmosphere is not a positive one as far as charitable giving is concerned. The recent United Way debacle cast doubt upon all charitable and tax-exempt giving. Mr. President, it is my hope that a more detailed

knowledge of how the donor's money is to be spent will help restore people's confidence in tax-exempt giving.

I do not say that the heads of these tax-exempt organizations are not entitled to a significant salary. I simply say that the public should be allowed to view the disclosure forms, albeit in a more readable, more understandable form, and then make their own decision. The public will then signal their approval or disapproval by writing or not writing their checks to the various charities and other tax-exempt organizations. I do believe, however, that if my legislation passes, the era of excessive salaries, first class airline flights, limousines, high-priced dinners, vacations and other perks may be over. A more efficient organization can net greater proceeds for the ultimate beneficiaries.

It is important that donors not consider only the salary of an executive as the bottom line. Rather, I want the public to see executive salaries in comparison to the amount of money the tax-exempt organization is bringing in, how the money is being spent, how others in the organization are being paid, and so on. Only when the public has this additional information at their fingertips can they make an informed decision.

Tax-exempt organizations already are required to file disclosure information, usually in the form of a Federal 990 form. That form requires much information, including money received and disbursed, assets, liabilities, overhead—including salaries—and much more. One of the main problems with the current reporting procedures, however, is that the burden is on the donor to go to the tax-exempt organization's headquarters in order to view the disclosure form, or to contact the IRS and, at the donor's expense, have the information sent to him. Further, donors are often not even aware that such information is available to them.

Another problem with the current 990 form is that the average donor who looks at such a form will most likely encounter problems interpreting the information. It would be my desire, Mr. President, although I am not now going to specifically legislate it, that the IRS will undertake to revise the 990 form so that the information my bill requires will be contained on the first one or two pages. That way the tax-exempt organizations will not have to send donors the 990 form in its entirety.

Mr. President, I hope that my legislation will be passed this year, and that it will provide a necessary first step to lifting the veil that falls over many of these tax-exempt organizations. I thank my colleagues, and I yield the floor.

By Mr. BOND (for himself and Mr. DANFORTH):

S. 2956. A bill to provide for the addition of the Truman Farm Home to the Harry S Truman National Historic Site in the State of Missouri; to the Committee on Energy and Natural Resources.

HARRY S TRUMAN NATIONAL HISTORIC SITE ACT AMENDMENTS

• Mr. BOND. Mr. President, Senator DANFORTH and I are introducing legislation today which will provide for the addition of the Truman Farm Home to the Harry S Truman National Historic Site in the State of Missouri. Although the farm was established in 1978 as an historic landmark, the future of the farm is threatened by the lack of resources available to the Jackson County Department of Parks and Recreation to preserve, maintain and promote the site. My legislation would authorize the National Park Service to acquire the Truman Farm Home located in Grandview, Jackson County, MO, and make this 5.2-acre site part of the Truman National Historic Site.

Harry Truman lived and worked on the farm from 1905 until he left for the Army in 1917. During his Presidency, he visited the farm as often as possible. The farm is recognized historically as playing a very significant part in Truman's life. Noted historians, Robert Donovan and Robert H. Ferrell, strongly advocate Federal preservation of the Farm Home.

Currently, responsibility for the Farm Home is shared by the Jackson County Department of Parks and Recreation and a dedicated group of volunteers, the Friends of the Truman Farm Home. Funds for restoration have been provided for the most part by private donations. Due to the lack of funds available for maintenance, the volunteers of the Farm Home have severely restricted visiting hours for tourists to only a few days each week from April to November. The home is a favored tourist stop, appreciated by both Missouri residents and many travelers from across the Nation.

Congressman ALAN WHEAT introduced this measure in the House. On June 11, the National Parks and Public Lands Subcommittee reported H.R. 3898 to the full Committee on Interior and Insular Affairs. I encourage my colleagues to support this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2956

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROPERTY ACQUISITION.

The first section of the Act entitled "An Act to establish the Harry S Truman National Historic Site in the State of Missouri, and for other purposes", approved May 23, 1983 (97 Stat. 193), is amended by adding at the end the following new subsection:

"(c) The Secretary is further authorized to acquire from Jackson County, Missouri, by donation, the real property commonly referred to as the Truman Farm Home located in Grandview, Jackson County, Missouri, together with associated lands and related structures, comprising approximately 5.2 acres.".•

By Mr. CHAFEE (for himself and Mr. BAUCUS):

S. 2957. A bill to amend the Internal Revenue Code of 1986 to exclude from the gross estate the value of land subject to a qualified conservation easement if certain conditions are satisfied, to permit a qualified conservation contribution where the probability of surface mining is remote, and to defer some of the scheduled reduction in estate tax rates; to the Committee on Finance.

OPEN SPACE PRESERVATION ACT

• Mr. CHAFEE. Mr. President, one of the most serious environmental problems facing this country is the loss to development of open spaces, including farms, forests, ranches, and wetlands. All across the country, public access to recreational opportunities are being threatened by the rapid disappearance of open space due to urbanization and improper planning.

An estimated 1 million acres of open space are lost each year. These areas improve the quality of life for Americans throughout this great Nation and provide important habitat for fish and wildlife. The question is how do we conserve our most valuable resource during this time of significant budget constraints.

Over the years, I have supported legislation, known as the American Heritage Trust bill, to establish a dedicated trust fund designed to generate $1 billion a year for the acquisition of recreational areas. If enacted, the American Heritage Trust bill would have ensured that State and local governments, as well as Federal land management agencies, would receive a steady, dependable source of open space funding. Unfortunately, for primarily fiscal reasons, this legislation has thus far failed to win the necessary support to get through Congress.

While I will continue to press for separate legislation to provide a reliable source of money for the acquisition of parks and open spaces, Federal acquisition cannot do the entire job. The Open Space Preservation Act of 1992, that I am introducing today, along with the distinguished Senator from Montana, Senator BAUCUS, will help to achieve this goal by providing incentives for private efforts to conserve environmentally and aesthetically important areas.

This bill is similar to H.R. 2149 as introduced in the House of Representatives by Congressman SCHULZE last year. Since the introduction of that bill, we have worked with the Piedmont Environmental Council to modify

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this proposal to ensure that the tax benefits will go only to those private landowners who conserve open spaces through the creation of conservation easements. This bill has been endorsed by the Piedmont Environmental Council, the Nature Conservancy, the Brandywine Conservancy, and the National Wildlife Federation.

Conservation easements, which are entirely voluntary, are agreements negotiated by landowners in which a restriction upon the future use of land is imposed in order to conserve those aspects of the land that are publicly significant. One of the major deterrents to the establishment of these easements is our Federal estate tax policy that subjects the value of the land subject to the conservation easement, to an estate tax of as much as 55 percent.

In addition, our current estate tax policy results in complicated valuation disputes between the donor's estate and the Internal Revenue Service. In many cases, the additional costs incurred as a result of these disagreements may cause a potential donor of a conservation easement to decide not to make the contribution. This bill resolves these problems by providing an exemption from the estate tax for the value of land that is subject to a qualified, permanent conservation easement.

I have been working along with Senator BAUCUS to find a revenue offset for this bill. I do not want this proposal, well intentioned as it is, to increase the deficit. Therefore, at the time this measure is considered by the Senate we will offer a proposal to offset its cost.

I urge my colleagues to join me in this effort to save environmentally sensitive open spaces.

Mr. President, I ask unanimous consent that a copy of the bill and a detailed explanation of the legislation be printed in the RECORD.

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

S. 2957

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—The Act may be cited as the "Open Space Preservation Act of 1992".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. TREATMENT OF LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.

(a) GROSS ESTATE TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—Section 2031 of the Internal Revenue Code of 1986 (relating to the definition of gross estate) is amended by redesignating subsection (c) as subdivision (d) and by inserting after subsection (b) the following new subsection:

"(c) ESTATE TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—(1) IN GENERAL.—Except as otherwise provided in this subsection, there shall be excluded from the gross estate the value of land subject to a qualified conservation easement (less the amount of any indebtedness secured by such land). There shall be included in the gross estate the value of each development right retained by the donor in the conveyance of such qualified conservation easement. For purposes of this subsection, the term 'land subject to a qualified conservation easement' shall mean land, which was owned by the decedent or a member of the decedent's family during the 3-year period ending on the date of the decedent's death, and with respect to which a qualified conservation contribution of a qualified real property interest (as defined in section 170(h)) has been made by the decedent, the decedent's spouse or the decedent's parent, a lineal ancestor of the decedent, or a lineal descendant of the decedent, the decedent's spouse or the decedent's parent, or a spouse of such lineal descendant. For purposes of this subsection, the term 'qualified real property interest' shall not include a certified historic structure (as defined in section 170(h)(4)(A)(iv)). For purposes of this subsection, the term 'member of the decedent's family' shall have the same meaning as the term 'member of the family' in section 2032A.

(2) PAYMENT OF TAX UPON CERTAIN DISPOSITION OF LAND SUBJECT TO RETAINED DEVELOPMENT RIGHT.—The tax attributable to the amount included in the gross estate relating to development rights retained by the donor in the conveyance of a qualified conservation easement shall be due upon the disposition (other than by gift or bequest) of such property."

(b) CARRYOVER BASIS.—Section 1014(a) of the Internal Revenue Code of 1986 (relating to basis of property acquired from a decedent) is amended by striking the period at the end of paragraph (3), inserting "or," at the end thereof, and inserting the following new paragraph:

"(4) in the case of the applicability of section 2031(c), the basis in the hands of the decedent."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to land on which qualified conservation easements were granted after December 31, 1991, in taxable years ending after such date.

SEC. 3. GIFT TAX ON LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.

(a) GIFT TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—Section 2503 of the Internal Revenue Code of 1986 (relating to taxable gifts) is amended by adding a new subsection (h) to read as follows:

"(h) GIFT TAX WITH RESPECT TO LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.—The transfer by gift of land subject to a qualified conservation easement (other than development rights retained by the donor of such easement) shall not be treated as a transfer of property by gift for purposes of this chapter. For purposes of this subsection, the terms 'land subject to a qualified conservation easement' and 'qualified real property interest' shall have the same meaning as in section 2031(c) and the term 'member of the decedent's family' shall have the same meaning as the term 'member of the family' in section 2032A."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to land on which qualified conservation easements were granted after December 31, 1991, in taxable years ending after such date.

SEC. 4. QUALIFIED CONSERVATION CONTRIBUTION WHERE SURFACE MINING RIGHTS RETAINED.

(a) IN GENERAL.—Section 170(h)(5)(B)(ii) of the Internal Revenue Code of 1986 (relating to special rule) is amended to read as follows:

"(ii) SPECIAL RULE.—With respect to any contribution of property in which the ownership of the surface estate and mineral interests has been and remains separated, subparagraph (A) shall be treated as met if the probability of surface mining occurring on such property is so remote as to be negligible."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to contributions made after December 31, 1991, in taxable years after such date.

LEGISLATIVE PROPOSAL: OPEN SPACE PRESERVATION ACT OF 1992

SUMMARY

Section 1: Short Title: Open Space Preservation Act of 1992.

Section 2: Treatment of Land Subject to a Qualified Conservation Easement: The value of land subject to a qualified conservation easement will be excluded from the decedent's estate for purposes of computing the estate tax due if certain conditions are satisfied. The value of any development rights retained by the donor in the conveyance of such an easement will be included in the decedent's estate for purposes of computing the estate tax, but the tax on the value of the development rights will not be due until the sale of those rights.

Section 3: Gift Tax on Land Subject to a Qualified Conservation Easement: The value of land subject to a qualified conservation easement that is transferred by gift will be excluded from the gift tax upon the same terms as provided under the estate tax exclusion in the previous section.

Section 4: Qualified Conservation Contribution Where Surface Mining Rights Retained: A deduction for a qualified conservation contribution will be available for a contribution of property if the owner retains the right to conduct surface mining, as long as the probability of surface mining is so remote as to be negligible.

SECTION 1. SHORT TITLE.

Section 1 provides that the Act may be cited as the Open Space Preservation Act of 1992.

SECTION 2. TREATMENT OF LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.

Present law

An estate tax is imposed on the value of a decedent's gross estate which includes the value of all property the decedent legally or beneficially owned at the moment of death.

Problem

The current income and estate tax laws do not sufficiently encourage the preservation of open space, farmland, fish, plant and wildlife preserves, forest land and historically important lands. Landowners find it hard to resist the lucrative development offers made for their land. Although an income tax deduction is available for conservation easements granted in perpetuity, this benefit is essentially worthless with respect to lower income "land poor" families. In addition, this benefit is more than offset by high-priced development offers. Even if a landowner does hold on to his valuable and environmentally important land, his heirs may

be "land poor" and forced to subdivide the land or sell it in its entirety in order to pay estate taxes on the value of the land in the estate. Since those sales are more often made to developers than to conservationists, the environmental benefits of the land are often lost forever. Providing protection from estate taxes for landowners willing to permanently conserve their land will provide an incentive to landowners to preserve open space for the benefit of everyone.

Correction

Section 2031 (relating to the definition of gross estate) is amended by excluding from the gross estate the value of land subject to a qualified conservation easement (less the amount of any indebtedness secured by such land). The value of any development rights retained by the donor in the conveyance of such an easement will be included in the decedent's estates for purposes of computing the estate tax but tax on the retained development rights will not be due until the sale of those rights, not at the death of the decedent.

Section 1014(a) (relating to basis of property acquired from a decedent) is amended to provide that land subject to the exclusion will have a carryover basis rather than a stepped up basis since the land was not subject to the estate tax.

The following conditions must be met for the exclusion to be available:

a. The easement must meet the current-law terms of section 170(h), it must be permanent and it must have have been donated to a charity or a governmental unit.

b. The land must have been owned by the decedent or a member of the decedent's family for at least three years prior to the decedent's death.

c. The easement must have been donated by the decedent, the decedent, or a spouse of any of the foregoing persons.

d. The exclusion is available for land only, not structures.

The exclusion is available for easements donated after the date of enactment.

SECTION 3. GIFT TAX ON LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT.

Present law

Generally, gift tax is imposed upon the transfer of the property based upon the value of the property.

Problem

At the time of transfer of property subject to an easement, there may be no other assets or no liquid assets available to pay the gift tax. Thus, the land may have to be sold to pay the gift tax for the same reasons as discussed above for estate taxes.

Correction

Section 2503 (relating to taxable gifts) is amended to exclude from the gift tax transfers by gift of land subject to a qualified conservation easement (other than development rights retained by the donor of the easement and less the amount of indebtedness secured by the land) upon the same terms as provided for estate taxes. The exclusion is available for easements donated after the date of enactment.

SECTION 4. QUALIFIED CONSERVATION CONTRIBUTION WHERE SURFACE MINING RIGHTS RETAINED

Present law

No deduction is allowed in the case of a contribution of property where mining rights are retained. However, a deduction is available if the surface estate and mining interests were separated before June 13, 1976 and remain separated and the probability of surface mining is so remote as to be negligible.

Problem

Donations of qualified conservation easements should be encouraged in the case of property where the surface estate and mineral interests have been and remain separated if the probability of surface mining occurring on such property is so remote as to be negligible, regardless of when the interests were separated.

Correction

Section 170(h)(5)(B)(ii) (relating to the special rule) is amended to make the deduction for a qualified conservation contribution available for a contribution of property where the surface estate and mineral interests has been and remains separated, if the owner retains the right to conduct surface mining, as long as the probability of surface mining is so remote as to be negligible. The amendment applies with respect to contributions made after December 31, 1991, in taxable years after such date.●

By Mr. AKAKA:

S. 2958. A bill to amend chapter 37 of title 38, United States Code, to expand the housing loan program for veterans; to the Committee on Veterans' Affairs.

VETERANS' HOUSING LOAN PROGRAM EXPANSION

Mr. AKAKA. Mr. President, today I am introducing legislation that would extend eligibility for the Department of Veterans Affairs [VA] Home Loan Guaranty Program to certain members of the Selected Reserve. Similar legislation has passed the House twice, most recently on March 3 of this year.

Specifically, my bill would simply expand entitlement to the VA Home Loan Guaranty Program to members of the Reserve and National Guard who have served at least 6 years, and either receive an honorable discharge or continue to serve in the Guard or Reserve. These are service members who otherwise have not qualified for veterans status by fulfilling the active duty service requirement. It is estimated that 7,650 new reservists would obtain VA-guaranteed loans each year under my bill.

Those who qualify for the program would have to pay an origination fee of 2 percent of the total loan amount without a downpayment, 1.5 percent if he or she makes a downpayment of at least 5 percent, and 1.25 percent if the borrower makes a downpayment of 10 percent or more. In contrast, the indemnity fee for veterans is 1.25 percent, 0.75 percent, and 0.50 percent, respectively. The disparity in fee schedules acknowledges and recognizes the legitimate differences between veterans and reservists.

Mr. President, the end of the cold war has forced us to reassess the role, size, and structure of our Armed Forces. With the decline in East-West tensions, we can at last afford to turn our eyes homeward to deal with our serious domestic problems and the budget deficit. In this environment, Congress and the administration alike have understood the need to downsize our active duty military forces. As a consequence, the Reserve and National Guard are expected to play a much more prominent role in the Total Force. Indeed, the outstanding performance of the 235,000 reservists called up for Desert Storm/Shield has presaged their importance in the new military calculus.

Mr. President, by extending the VA-guaranty program to cover members of the Reserve and Guard, we explicitly recognize the significance of their current and potential contributions. By improving the benefits package, we ensure that Reserve and Guard service is rendered much more attractive to qualified individuals. This is of critical importance during an era when the civilian sector is competing for the same pool of applicants, as well as when warfare is becoming increasing complicated, demanding only the most intelligent, motivated, and technically competent individuals. It is also of immediate importance at a time when the economic and personal hardships brought on by quick mobilization for the Persian Gulf war are causing many soldier-citizens to reevaluate their participation in the Selected Reserve.

In addition, aside from the recruitment and retention issue, expanding the program would also benefit the VA Home Loan Guaranty Program itself. As a House report indicates, it is commonly acknowledged that reservists and Guard members "are, generally, an older, more mature, and more stable group with long-time civilian job histories. Many are familiar with the costs and responsibilities of home ownership. Therefore, this group may help to financially stabilize the program through an influx of loan fees with fewer claims to be paid on their behalf." In other words, Mr. President, reservists and Guard members, especially those who have served at least 6 years, are likely to be better risks than the average veteran since they have established civilian jobs, have roots in their local communities, and have not had to forgo opportunities to save for a house or to obtain an adequate credit history.

Finally, passage of this legislation would help stimulate local economies, through investment in one of the engines in economic growth, our real estate and construction industry. Lest we forget, the original home loan program established in 1944—which to date has helped 13 million veterans obtain more than $350 billion in VA-backed private loans—arguably helped avert a potential depression after the Second World War.

For those of my colleagues who are afraid of supporting a new entitlement at a time when our deficit is soaring out of control, please take heart. My bill, for the 5 years that the Congressional Budget Office [CBO] provides a cost estimate, will not cost the tax-

payer a dime. In fact, CBO estimates that the legislation will bring in $5 million over the fiscal year 1993–97 period.

Thank you, Mr. President. I urge my colleagues to support this measure. It supports our Total Force policy, it will help stabilize the Veterans Home Loan Guaranty Program, it will stimulate the economy, and it will enable thousands of dedicated reservists to fulfill the dream of home ownership.

By Mr. JOHNSTON:

S. 2959. A bill to develop and implement policies with respect to the territories of the United States; to the Committee on Energy and Natural Resources.

INSULAR AREAS POLICY ACT

• Mr. JOHNSTON. Mr. President, today I am introducing legislation to improve the process of policy development and implementation in our Nation's island territories. The current institutional structure, in which nearly all Federal administrative and policy development functions are concentrated in the Department of the Interior, needs to be updated to respond to the economic and political development of the islands, and to respond to the changing nature of Federal-territorial relations.

Historically, the administration of the insular territories: Puerto Rico, Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands, has been the responsibility of the military, particularly the U.S. Navy, and more recently the Department of the Interior. Interior was chosen because of its traditional role as the administering agency for territories in the continental United States. Interior had long before been selected for this role due to its control over the use and disposal of public lands, a critical factor in territories, where there is generally little land under Interior jurisdiction, Interior leadership has always been less than ideal.

More recently, Congress has expanded local self-government in the islands to a point that each island now has a locally elected government. In the case of Puerto Rico, jurisdiction was transferred to the White House by President Kennedy. This transfer did not take place for the other islands, however. The current situation makes Interior's role with respect to the islands even more awkward. First, most of the Federal programs which the islands seek are not under Interior's jurisdiction. For example, tourism, marine fisheries, and economic development assistance programs are all found in the Department of Commerce.

Interior also finds itself in a difficult position in dealing with other agency's programs as they apply in the islands. Congress often provides special treatment for the islands in order to respond to local conditions. For example: Tax, trade, immigration, labor, and environmental laws are applied differently in either all, or some, of the islands. As disputes arise over the implementation of such special provisions, island governments look to Interior to support their interests. Unfortunately, other agencies generally discount Interior's views regarding non-Interior programs.

Finally, certain Federal agencies, particularly the Departments of State and Defense, have substantial interests in the islands, but they have no reliable institutional process to assure that their interests are integrated into Interior's policies or programs.

The legislation I am introducing today, the Insular Areas Policy Act, is designed to respond to these problems by, for the first time, stating a Federal Government policy toward the islands:

To promote, to the fullest extent possible, the political, social and economic development of the insular areas of or associated with the United States, consistent with their cultural values, to the levels enjoyed by the several States and to recognize the unique character of insular areas in the extension of Federal laws, rules and regulations to such areas.

This statement is an important first step in giving direction and encouraging coordination in the often conflicting policies of various Federal agencies.

Second, this bill would establish an Interagency Insular Policy Council to include the Secretaries of State, Defense, Commerce, Health and Human Services, Agriculture, Education, the Administrator of the Small Business Administration, and the President's Domestic and Foreign Policy advisers. The Council would be charged with reviewing the activities of the Department of the Interior, determining the appropriate role of the islands in U.S. policies, the effect of U.S. policies on the islands, considering recommendations of Council members, and proposing actions to the President.

Third, the legislation specifies the role of the Secretary of the Interior in supporting the Council and assisting the Congress in developing territorial policy objectives. These duties are to be accomplished in part through the submission of an annual State of the Islands report which would serve as a basis for Council discussions, as a guide for policy implementation by the Secretary of the Interior, and as a guide to Congress for policy initiatives.

Finally, this legislation directs that the Secretary of the Interior shall, to the maximum extent practicable, use the personnel and services of other Federal agencies in carrying out his responsibilities with respect to the island territories. Other Federal agencies are directed to cooperate in making such personnel and services available, provided the Secretary of the Interior reimburse nonsalary and base benefit costs. These provisions are intended to foster interagency coordination by requiring greater exchange and cooperation between agency personnel. It is expected that the exchange of personnel will expand other agency's awareness and experience with the special circumstances which exist in the islands.

Mr. President, I believe that this legislation, if enacted, would substantially increase the effectiveness of the Department of the Interior in overseeing and implementing Federal policy in the island territories. It is clear that the Department of the Interior is in an awkward position now that our territories are essentially self-governing. Instead of administering the islands, as in the past, Interior's new role is to fine-tune Federal policies to the special circumstances which exist on the islands, to take the lead in Federal program coordination, and to be the lead agency in contacts with the Congress.

I do not intend to move this legislation this year, but instead will give the administrative agencies, and island governments, sufficient time to consider it before scheduling hearings next year.

I look forward to working with island leaders, the administration, and with my colleagues on the committee in evaluating and updating the process and institutions of territorial policy development and implementation in order to reflect the fundamental changes which have occurred in the islands, and in Federal-Territorial relations.•

By Mr. LUGAR:

S. 2960. A bill to authorize debt reduction for Latin American and Caribbean countries under the Enterprise for the Americas Initiative, and for other purposes; to the Committee on Foreign Relations.

ENTERPRISE FOR THE AMERICAS ACT

Mr. LUGAR. Mr. President, today I am introducing the Enterprise for the Americas Initiative [EAI] as a free-standing bill in the hopes that it will be approved by the Congress before the end of this session. I am pleased to be joined in cosponsorship by Senator GRAHAM who has been a strong and steadfast proponent of strengthening ties with our hemisphere neighbors.

When President Bush announced the Enterprise for the Americas Initiative in June 1990, he presented a coherent policy framework for improved relations and greater prosperity for all nations in the Western Hemisphere.

The relatively scant attention to the President's EAI proposal may be explained by the diversion of interest in world affairs to more visible and dramatic changes in Eastern Europe and the former Soviet Union. It may also be traceable to the fact that the EAI was not prompted by an immediate crisis or a cataclysmic event which would have generated greater interest. In

fact, President Bush was under no great pressure domestically or internationally to make a major policy pronouncement on Latin America in June 1990. Recently, much has been made of the word "vision" in discussing policy matters; the EAI is one instance where creative vision was clearly evident in policymaking.

The EAI is the right policy framework for the Americas because it represents enlightened self-interest. The benefits to be derived from successful enactment of the EAI are reciprocal, substantial, long-term, and readily knowable. There are more than 450 million people living in Latin America and the Caribbean. The combined gross domestic product of the region will reach a trillion dollars in a few years, and total trade with the world is close to $250 billion. Add to this the United States and Canada, and you have the world's largest market area.

The United States exports to our southern neighbors have more than doubled in the past 5 years and will continue to expand at a rapid pace in the years ahead. Last year alone, United States sales to Mexico increased by about 18 percent and our sales to South America rose by nearly 20 percent. The growth of exports headed south has created hundreds of thousands of jobs in our country. The export and investment growth potential would be enhanced substantially with passage of the EAI. This potential can be realized only if these economies continue to grow and prosper. Such progress is possible if there are market-based reforms, increased capital availability, access to modern technologies, and a reduction of the heavy debt burden in these countries.

The changes sweeping Latin America in just the past few years are as significant as any in the world today. The EAI will enhance the prospects that the embryonic democratic and market-based reforms that have occurred in the region will be successful. The challenges to stable democracy and steady economic growth that we have witnessed recently in Venezuela and Peru stem, in large part, from economic frustrations and political uncertainties. More years of slow growth or stagnation in these and other countries undergoing transition to open political and economic systems will spawn instability and turmoil. The United States cannot be immunized from these regional instabilities; troubles in our neighborhood invariably become our own troubles.

I always have believed that the EAI is among the most significant policy statements of Latin America ever enunciated by an American President. It is hard to overstate the importance of the enterprise legislation for the Western Hemisphere. The near universal endorsement and enthusiastic response by leaders throughout Latin America attests to the receptivity of the President's policy statement. No U.S. initiative in the Americas has received as much acclaim among potential participants since President Kennedy pronounced the Alliance for Progress some thirty years ago. In a recent Washington Post article, for example, Henry Kissinger stated that the EAI "represents the most innovative United States policy toward Latin America in this century." Similar comments can be gleaned from foreign policy analysts, economists, and practitioners in the United States, Latin America, and in international organizations. As many have noted, the EAI abandons the practice of unilateralism in hemispheric matters and seeks reciprocal obligations and cooperative actions for mutual gain.

Having said all this, it is surprising and disappointing that the bulk of the initiative still awaits full congressional authorization and enactment.

The EAI is composed of three major goals: First, a hemispheric free trade zone; second, capital flows and investment promotion through the mechanism of the Inter-American Development Bank [IDB]; and, third, official bilateral debt relief that is coupled with a special emphasis on environmental protection through local currency conversion and grass roots participation within eligible countries.

Clearly, there has been significant progress toward the goal of creating a free trade area throughout the Western Hemisphere. The FTA agreement with Canada, negotiations leading to a North American Free-Trade Agreement [NAFTA] with Canada and Mexico, and soon-to-begin talks with Chile on a free trade agreement are each significant milestones in reaching this goal. Within Latin America, the MERCOSUR countries in the southern cone are moving to eliminate trade barriers, the Central American countries have agreed to reduce trade restrictions, and Chile has already completed a bilateral FTA with Mexico. All this is taking place while worldwide protectionist sentiment has grown more pronounced.

The investment component of the EAI centers on the creation of the Multilateral Investment Fund, or MIF, administered by the Inter-American Development Bank. Its purpose is to stimulate economic reform, remove obstacles to new investments, advance job retraining, and provide a source of new capital, credit, and equity financing for small businesses. Though the amount in question is comparatively small—a United States commitment of $100 million a year for 5 years and another $1 billion from other contributors for a total global commitment of $1.5 billion—when coupled with equal funding allocations from Europe and Japan, it could help make a significant difference, especially in smaller, hard-pressed countries.

The third area, bilateral debt relief, seeks to reduce a portion of the $12 billion in U.S. Government debt holdings in Latin America. This official bilateral debt is a small fraction of the $420 billion total debt burden of Latin America. Nonetheless, authorization for this debt relief could bring real benefits to those countries with obligations stemming from past borrowing in our various official assistance programs. In addition to easing repayment terms, some countries benefit by improving their external accounts and creditworthiness in the eyes of international financial institutions. Hopefully, success will prompt other creditor nations in Europe and Japan to match our proposals and increase the amounts of official debt available for relief. Estimates of this total official debt run close to $50 billion.

Congress has enacted only a portion of the President's proposal for bilateral debt relief. In 1990, the Congress authorized debt relief on those obligations arising from Public Law 480, the Food for Peace loans in the farm bill, but no additional authorizations for AID loans, Export-Import Bank and Commodity Credit Corporation assets have been enacted. Last year, we came close. The fiscal year 1992–93 foreign assistance authorization bill contained a separate Enterprise for the Americas title—title 8—which, if enacted, would have authorized comparable debt relief provisions for AID loans. The AID authorization bill passed the Senate on two different occasions and the House once before being voted down last fall. Regrettably, the bill was never enacted.

Despite disappointments in implementing the EAI, we cannot give up on efforts to secure enactment. I believe many Members share this view. For this reason, I am introducing this separate bill, which is virtually identical to the Enterprise for the Americas title in the foreign assistance authorization bill. Among the provisions in the bill, it would authorize buying down the principal on outstanding AID debt, with payments of additional interest payments on the remaining debt made available through local currency accounts for environmental protection, child survival, and certain other purposes. It will conform to the compromise struck last year in the House-Senate conference on the aid bill. I would retain that compromise.

I am gratified to learn that supporters of the EAI will be assisted by the formation of a new "Americans for the Americas Coalition" that will actively work at the grass roots level to drum-up support for the initiative. The coalition will be headed by former Senator Howard Baker and it is a welcome addition to efforts to kick-start the final round of our deliberations leading to enactment of the EAI.

An excellent article in the New York Times on May 8, 1992, reported that de-

veloping nations and nonindustrialized countries increased their imports of American products by 15 percent last year. During the first 2 months of this year, more than one-third of American exports—the highest rate since 1982—went to nonindustrialized countries. Mexico, which has some highly industrialized sectors, and Latin America are particularly important growth markets.

Clearly, an improvement in the debt situations of these nations and their internal economic reforms have helped their ability to buy our goods. The New York Times article reports that these additional exports accounted directly or indirectly for up to 400,000 jobs in the United States.

I believe that modest programs of debt reduction can yield benefits many times their size in healthy economies that will be good cash markets for American farms and American factories.

Mr. President, I would also like to include with my statement a letter from Secretary of the Treasury Brady and Secretary of State Baker on the Enterprise for the Americas Initiative. Their letter presents strong arguments in support of the EAI and some valuable data on progress that has been made so far on different elements in the bill.

THE SECRETARY OF THE TREASURY,
Washington, DC, June 26, 1992.

HON. RICHARD G. LUGAR,
U.S. Senate, Washington, DC.

DEAR SENATOR LUGAR: We want to reaffirm the Administration's strong commitment to the Enterprise for the Americas Initiative (EAI) and to ask for your active support for this program.

The EAI is now an integral part of our relations with Latin America and the Caribbean, having played a key role in the dramatic improvement in hemisphere relations in the two years since its inception. Our neighbors have begun to work enthusiastically with us in a new partnership under the Initiative to improve the prospects for democracy and economic growth throughout the hemisphere.

The potential of increased trade and investment opportunities offered by the EAI has helped build momentum for reform. Framework agreements on trade and investment are in place with all but three countries in Latin America and the Caribbean; regular dialogue under these agreements is facilitating a reduction in barriers to trade. The Inter-American Development Bank has extended loans to support the liberalization of investment regimes in four countries. In anticipation of Congress passing the needed debt reduction and swap authority, ten more countries are discussing similar investment liberalization loans with the Inter-American Development Bank. The United States has reduced the P.L. 480 debt of three countries under the EAI. As a result of this action and a contribution by the Government of Bolivia, the local currency equivalent of $33 million will be generated for grass roots environmental projects over ten years.

The EAI can do much more, however, to advance the reform process and help achieve increased growth and prosperity for our hemisphere.

Implementation of the agreements signed by twenty-one countries to establish the Multilateral Investment Fund (MIF) will be another critical step. This fund is designed to support investment liberalization in Latin America and the Caribbean, which will enable the private sector to play a larger role in promoting growth and development. The MIF will provide targeted support for such actions as technical assistance to help establish financial markets, worker retraining programs, and increased access to credit for micro-enterprises. The contributions of other governments (including thirteen from Latin America and the Caribbean) and the start-up of this critical fund, however, await Congressional approval of the U.S. contribution.

We also need to proceed with full implementation of the debt reduction proposals advanced under the EAI. By reducing countries' bilateral debt to the United States, we can provide critical incentives to sustain important economic reforms while helping Latin American and Caribbean countries escape the shadow of debt that discourages investors. Particularly for the smaller countries in the region such as Costa Rica, El Salvador, and Jamaica, debt reduction under the EAI would substantially reduce their overall external debt burdens and provide important support for market-oriented economic reforms.

By supporting reform and increased competitiveness, the EAI seeks to help Latin American and Caribbean countries in their struggle to sustain economic growth and ensure that its benefits are felt by all their citizens. Strong and stable economies are essential to democracy and to broad-based, sustainable economic development in this region. Healthy economies will help governments address key human needs such as health, education, and the environment.

The EAI also seeks to build a future that will benefit the United States. The Latin American and Caribbean region is already the fastest growing market for U.S. exports. Furthermore, the U.S. commands a large share of industrial-country exports to the region—57% compared to 11% for Japan, for instance. Stronger economies in Latin America and the Caribbean will contribute to economic growth and export-related jobs here at home as the potential for trade and investment expands.

Our neighbors are ready to move forward with the EAI. With respect to both the investment and debt elements of the EAI, the ball is now in our court. Responding to the steps taken by our neighbors and deepening our partnership with them is a top priority of the Administration. But we cannot do this without Congress. We hope we can work with you to gain Congressional approval of the remaining elements of this critical initiative.

Sincerely,

NICHOLAS F. BRADY,
Secretary of the Treasury.

JAMES A. BAKER III,
Secretary of State.

By Mr. AKAKA (for himself, Mr. DASCHLE, and Mr. SHELBY):

S. 2961. A bill to amend chapter 38, United States Code, to permit the burial in cemeteries of the National Cemetery System of certain deceased reservists, to furnish a burial flag for such members, to furnish headstones and markers, and for other purposes; to the Committee on Veterans' Affairs.

EXTENSION OF ELIGIBILITY FOR BURIAL IN NATIONAL CEMETERIES AND BURIAL FLAGS

Mr. AKAKA. Mr. President, on behalf of myself, Senator DASCHLE, and Senator SHELBY, I am today introducing legislation to extend eligibility for burial in national cemeteries and burial flags to career members of the Reserve and Guard who have served at least 20 years and are eligible for retirement pay. Similar legislation introduced by Representative CLAUDE HARRIS was passed by the House several weeks ago.

Mr. President, an estimated 235,000 reservists and guardmembers gallantly served in the Persian Gulf war. Their outstanding performance alongside active duty soldiers amply fulfilled the aim of our Total Force policy. The desert conflict foreshadowed the inevitable trend in the post-cold-war era toward greater reliance on the Reserve component, particularly during an era of fiscal austerity.

The growing importance of the Guard and Reserve has thrown a spotlight on an injustice done toward career guardmembers and reservists, the backbone of the Ready Reserve, the men and women who devote at least 20 years of their lives to the defense of this Nation.

Under current law, any honorably discharged active duty member of the armed services who serves at least 24 months of continuous active duty service is eligible for "veterans" status. If they meet certain criteria, he or she becomes eligible for a range of veterans benefits and services offered through the Department of Veterans Affairs [VA], from pensions to home loans to health care to burial in national cemeteries.

Unfortunately, most members of the Reserve and Guard, in spite of years of service, have never had the opportunity to meet the 2-year continuous duty requirement, even though they may have served much more time than that in the aggregate. Part of the problem reservists face is that they are not on the same playing field when it comes to counting "active duty service."

For example, an active duty soldier accrues active duty service time beginning with basic training. He or she also receives credit for time served while attending schools that are required for his or her military specialty. Reservists and guardmembers, on the other hand, cannot count short periods of active duty and all periods of active duty for training purposes toward the 24-month requirement for veterans benefits, even though such periods are counted toward retirement pay. It is clear that such a policy ignores the fact that today's Guard and Reserve train to the same standards as their counterparts, and are increasingly taking missions for the active military. In effect, today's reservists are continuous members of the Total Force, but

are not fully recognized for their contributions.

While there may be legitimate reasons for imposing the 24-month active duty requirement for the purposes of eligibility for many veterans benefits, this certainly should not apply to burial in a national cemetery, particularly for those guardmembers and reservists who devote at least 20 years of their lives to the Nation's defense as citizen-soldiers, and who have each accrued, in the aggregate, enough active duty service to qualify for retired pay. Indeed, the average guardmember or reservist will have more than 3¼ years of active duty time during an enlistment of 20 or more years.

Mr. President, it is our contention that if an individual devotes two decades of his or her life to the country's defense, and if such service is deemed to qualify him or her for a military pension, at the very least such individual should be honored with burial in a national cemetery.

Similarly, a career reservist should also be eligible for presentation of a burial flag, just like any other soldier who is buried in a national cemetery. Here, again, the career guardmember and reservist fall between the cracks. Under Department of Defense policies, a member of the Guard or Reserve who dies under honorable circumstances may be awarded a burial flag up until age 60. At that time, however, he or she suddenly becomes ineligible for a flag because responsibility for the flag benefit at that age is transferred to the Department of Veterans Affairs. In this case, as with the interment issue, the guardmember or reservist must meet the 2-year continuous duty requirement for veterans status under title 38. This is clearly ludicrous: there is no defensible argument why a reservist should be eligible for a $21 flag if he dies before he reaches 60, but becomes ineligible after that age.

Mr. President, VA opposes this legislation on two grounds: first, that there is limited space at national cemeteries; second, that it will cost too much.

Regarding the availability of burial plots, there are 250,000 sites available at the 61 open cemeteries [out of a total of 113 national facilities], with a potential of 1.96 million sites if undeveloped land is developed. In addition, there are 40 State veterans cemeteries which currently conform to VA eligibility rules, which our bill would open to career reservists. VA's interment rate is about 60,000 per year. Whether you believe the Congressional Budget Office [CBO] figure, 828, or the 6th Quadrennial Review of Military Compensation number, 365, concerning the estimated number of additional burials that would result due to our legislation, the increase would represent less than 1 percent of VA's current interment rate.

Using CBO's more conservative numbers, the total annual cost of the burial benefit would amount to only $400,000—a figure so low that CBO does not score it for budget purposes. Surely, Mr. President, we can afford to pay this small price to honor the memory of those who devoted their lives to protect our Nation.

By Ms. MIKULSKI:

S. 2962. A bill to amend the Federal Property and Administrative Services Act of 1949 and title 10, United States Code, to provide for the consideration of certain contract-related revenues of the Federal Government in the determination of which contract bid or proposal contains the lowest price; to the Committee on Governmental Affairs.

FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT AMENDMENTS

• Ms. MIKULSKI. Mr. President, today I rise to introduce the Government Procurement Improvement Act of 1992. This bill is a companion to a bill, H.R. 254, introduced by Congresswoman BENTLEY.

This is a commonsense bill that helps American workers and helps American taxpayers. It cuts the cost of government contracting and makes sure that the Government gets one dollar's worth of services for every dollar of taxes. At the same time, it helps make sure that American tax dollars help create jobs right here in the United States.

This bill requires that contracting officers factor in the taxes that will be paid to the Government as they consider who is the low bidder on a contract. So if two companies offer the same number of screwdrivers for the same amount of money, but one will do all of its production in the United States, that company would actually cost the Government less and would be given the contract. This bill is needed and it makes sense.

Americans can't afford not to get the most for their money. So rather than giving a break to a company that saves itself a couple dollars by moving jobs overseas, this bill rewards companies that use Government contracts to create American jobs. And it doesn't put a big burden on the Government agencies, because it only requires tax analysis for contracts over $100,000.

We all know that American jobs mean more tax revenue for the Government, more business for the towns where the contracts are performed, and security for the families of workers on these contracts. Just ask anyone on the Eastern Shore of Maryland, or around the Washington and Baltimore Beltways, or in southern or western Maryland. They know how important Government contracts are, and how much they mean to communities.

That's why I congratulate Congresswoman BENTLEY for taking the lead on this bill, and why I am glad to introduce a companion in the Senate.•

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 2963. A bill to amend title 38, United States Code, to provide that future increases in the monthly amount paid by the State of New York to blind disabled veterans shall be excluded from the determination of annual income for purposes of payment of pension by the Secretary of Veterans' Affairs; to the Committee on Veterans' Affairs.

EXCLUSIONS OF PENSION PAYMENTS FOR BLIND DISABLED VETERANS

• Mr. D'AMATO. Mr. President, since the midthirties, New York State has paid blind disabled veterans a monthly annuity. Qualified veterans—of which there are slightly less than 2,000—receive monthly payments of $41.66, the same amount as has been paid since the program's inception.

There is a sentiment among lawmakers in Albany, NY, to increase the blind annuity. Unfortunately, should the State decide to increase the blind annuity, the U.S. Department of Veterans Affairs would respond by reducing Federal pensions paid to these individuals by the same amount. Thus, there would be no net benefit for New York's veterans receiving the annuity.

The legislation that I and my distinguished colleague from New York, Senator MOYNIHAN, are introducing today will prevent the VA from penalizing New York's blind veterans should the State increase the blind annuity. The entire New York congressional delegation is introducing a companion bill today in the House as well.

This legislation will exempt any increase in the New York Blind Annuity from the determination of annual income for the purposes of the payment of VA pensions. Incidentally, the Internal Revenue Service already considers the blind annuity to be a gift rather than income. Because this legislation only exempts increases, it is budget neutral.

Mr. President, this legislation will make our Government's policy toward blind veterans more equitable. It won't cost the Government a cent. And it is long overdue. I urge the Senate to enact this legislation at its earliest opportunity.

Mr. President I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 2963

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXCLUSION OF CERTAIN AMOUNTS FROM INCOME DETERMINATION FOR PENSION PURPOSES.

Section 1503 of title 38, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (9);

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by adding at the end the following new paragraph:

"(11) amounts equal to amounts paid to a veteran by the State of New York under a program of that State of New York under a program of that State to make monthly payments to qualifying veterans who are blind and totally disabled, but only to the extent that such amounts are attributable to any increase in the monthly amount of such payments that is provided after the date of the enactment of this paragraph."•

• Mr. MOYNIHAN. Mr. President, I rise to join my colleague, Senator D'AMATO, in introducing a bill that would enable New York State to provide the first increase since the mid-1930's in payments to blind disabled veterans. These men have been receiving $41 per month. Under current law, any increase in a State pension payment would be considered income and so would reduce the Federal pension payment by the same amount. The net result would be no increase.

This bill would exempt an increase in the blind annuity from income determinations for pension purposes. It applies only to an increase in the annuity, not the current payment. Therefore, it is budget neutral.

Mr. President, it seems the least we could do for these men to allow them to receive more from the State governments than they now do without losing any of the pension we provide. Congressman HORTON, the dean of the New York delegation, is introducing companion legislation today, and I hope my colleagues in this body will support us in this effort to help our blind disabled veterans.•

By Mr. SPECTER (for himself, Mr. BRADLEY, Mr. WOFFORD, and Mr. LAUTENBERG):

S. 2964. A bill granting the consent of the Congress to a supplemental compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey concerning the Delaware River Port Authority; to the Committee on the Judiciary.

DELAWARE RIVER PORT AUTHORITY COMPACT

• Mr. SPECTER. Mr. President, today I am introducing legislation, along with Senator BRADLEY, Senator WOFFORD and Senator LAUTENBERG, to grant consent to a compact between Pennsylvania and New Jersey for the enhancement of the Delaware River Port Authority, in accordance with legislation passed by the Commonwealth of Pennsylvania and the State of New Jersey. This legislation proposes changes in the Delaware River Authority Compact that will enhance the role of the Delaware River Port Authority to assist the Port Authority in responding to the needs of the community it serves. This legislation is recognized as an important step towards further development of the port as a vital resource to the Delaware River Valley.

Primarily, this legislation extends and unifies the bi-State agency's operation in the Delaware River Valley by giving it new authority to run port operations in a unified manner between Pennsylvania and New Jersey. This cooperation created through the compact will enable the two States to join forces and resources to enhance one of the greatest economic development assets in the region. The bill encourages a unified promotion of shipping operations on both sides of the river in addition to a variety of other projects that have potential to stimulate the local economies and create new jobs.

In addition to a new cooperative agreement, this legislation agreed to by both States provides expansion of the existing port district of the authority. The port district is the geographical area within which the port authority has power to act. This legislation adds Bucks, Chester, and Montgomery counties to the port authority port district on the Pennsylvania side.

Further, the bill clarifies and expands the port authority's powers. These new powers include the right to acquire, purchase, or lease port-related property within the port district; to acquire, merge with, or become successor to other port entities; to engage in economic development activities; and to plan, finance, and own commerce facilities located within the port district. These powers are all subject to the supervision of the commission through substantial reporting, planning, and public consulting obligations placed on the port authority.

These actions to enlarge the port's geographical area and the expansion of the port authority's powers will surely lead to greater economic development for the port, the Commonwealth of Pennsylvania and the State of New Jersey.

Mr. President, the Philadelphia Port is a major economic resource in the Delaware River Valley. The port is located in the center of the Eastern industrial corridor of the United States, one of the largest and most productive markets in the world. According to a review by the Philadelpia Regional Port System, more than 13 percent of the total buying income of the country is within 100 miles of the port complex, which is served by a highly efficient rail and highway network that brings some of America's greatest centers of commerce within easy reach.

Additionally, more than 3,000 ships call on the Philadelphia Port system. Over 70 million tons of domestic and international cargo are handled at the port in the course of a year. To handle the needs of their highly diversified customers, the port terminals themselves have diversified, handling everything from perishable goods to petroleum, from steel and coal to wood and paper, and all sorts of manufactured items including automobiles, heavy machinery, and consumer goods. This is exemplified by the Tioga Fruit terminal, which is the largest fruit-handling facility of its kind in the United States. It is my belief that this important legislation will further enhance the port and its activities to provide long term economic growth and job development in the Delaware Valley.

As testament to the value and importance of this compact to the Delaware Valley, the Commonwealth of Pennsylvania and the State of New Jersey have passed equivalent legislation regarding the Delaware River Port Authority Compact. The New Jersey State Legislature has approved the compact, with Governor Florio signing it on January 19, 1992. The Pennsylvania State Legislature also has approved the compact with overwhelming support and Governor Casey signed the compact on April 3, 1992.

Mr. President, I would like to reaffirm that this measure enjoys broad support as it will greatly enhance the activities of the port authority and the ongoing economic recovery of the region. This measure of unification and development of the port is clearly a regional priority to the region. Accordingly, I urge prompt consideration by the Senate Judiciary Committee and the full Senate of this important economic development legislation.•

• Mr. BRADLEY. Mr. President, I rise today as a cosponsor of this legislation which will give congressional approval to a compact agreement between New Jersey and Pennsylvania concerning the Delaware River Port Authority.

The State legislature of New Jersey and Pennsylvania have passed legislation amending the compact that governs the operation of the Delaware River Port Authority. This compact will clarify the role of the authority.

The compact itself consists of modifications, that will enhance DRPA's role by expanding the geographical area in which it can act, and enabling it to both own port facilities and engage in economic development activities. In addition, modifications will also be included which will allow for regional port unification.

Ultimately, by attracting new business and jobs to the region, I believe this compact will serve as a catalyst for growth in the local economies.

I urge my colleagues to join me in supporting this important piece of legislation.•

DELAWARE RIVER PORT AUTHORITY INTERSTATE COMPACT

• Mr. WOFFORD. Mr. President, I join today with Senators SPECTER, BRADLEY, and LAUTENBERG in introducing amendments to the Delaware River Port Authority Interstate Compact Act. This legislation permits the Commonwealth of Pennsylvania and the State of New Jersey to open windows to the world by expanding the powers of the Delaware River Port Authority to develop maritime and related port facilities.

The ports of the Philadelphia area are strategically located for inter-

national trade. Nearly 30 million Americans live within 100 miles of these ports. Over half of American industry is within overnight shipping distance. In short, the ports of Philadelphia and southern New Jersey are critical to the economic development of regions they serve.

Both the Commonwealth of Pennsylvania and the State of New Jersey have enacted legislation which Congress must now approve in order to facilitate the economic development of the ports. Pennsylvania Gov. Robert Casey and New Jersey Gov. James Florio as well as the two State legislatures have demonstrated their leadership on this issue. Now it is time for Congress to approve these amendments to the compact. Already, Governor Casey has announced over $25 million in funding for improvements to port and warehouse facilities in Pennsylvania.

This legislation will permit the Delaware River Port Authority to provide financing and undertake construction projects in order to improve the competitive position of the ports. I am pleased to join with my Pennsylvania colleague Senator SPECTER as well as our New Jersey colleagues, Senators BRADLEY and LAUTENBERG, in introducing this legislation.●

● Mr. LAUTENBERG. Mr. President, I am pleased to join my colleagues from New Jersey and Pennsylvania in introducing legislation that will help promote economic development in our region.

The legislation would approve a change in an existing compact between New Jersey and Pennsylvania to allow the Delaware River Port Authority, or DRPA, which owns and operates four bridges between the two States, in addition to the PATCO high speed line, to allocate some of its financial resources for needed economic development efforts in the region. The types of projects that would be eligible for funding would include investments in manufacturing, post-oriented development, foreign trade zone site development and research, and other commercial, industrial, and recreational activities.

Currently, the DRPA serves communities in southern New Jersey and the Philadelphia area of Pennsylvania. In New Jersey, its jurisdiction includes Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem Counties.

The DRPA's primary responsibility will continue to be the operation and maintenance of its bridges and high speed line. However, with approval of this compact modification, the Authority could, after meeting those responsibilities, make important investments to help stimulate the regional economy.

The New Jersey legislature approved the legislation to amend the existing compact in January 1992. Pennsylvania followed suit in April 1992.

I point out, Mr. President, that this legislation does not call for any increase in the fees paid on the DRPA's bridges or high speed line. It retains the existing Federal requirement that tolls be just and reasonable.

With approval of the bill we are introducing today, Congress would sign off on the changes to the existing compact, and allow the Delaware River Port Authority to expand its role, to the benefit of citizens throughout southern New Jersey and adjacent communities in Pennsylvania. I urge my colleagues to support this important legislation.●

By Mr. DOMENICI (for himself and Mr. BINGAMAN):

S. 2965. A bill to amend the San Juan Basin Wilderness Protection Act of 1984 to designate additional lands as wilderness and to establish the Fossil Forest Research Natural Area, and for other purposes; to the Committee on Energy and Natural Resources.

BISTI/DE-NA-ZIN WILDERNESS EXPANSION AND FOSSIL FOREST PROTECTION ACT

● Mr. DOMENICI. Mr. President, I am pleased to rise today, along with the other Senator from New Mexico [Mr. BINGAMAN], to introduce legislation that will amend the San Juan Basin Wilderness Protection Act of 1984, to designate additional lands as wilderness, and to establish the Fossil Forest Research Natural Area.

In December 1991, approximately 10,750 acres between the Bisti Wilderness and De-Na-Zin Wilderness were exchanged to the Bureau of Land Management from the Bureau of Indian Affairs, acting in trust for the Navajo Tribe.

These newly acquired lands are immediately adjacent to the existing boundaries of the Bisti and De-Na-Zin Wilderness areas and are of high wilderness quality. The area appears to have been affected primarily by the forces of nature and the imprint of human activity is substantially unnoticeable.

Together with the recently acquired lands and the two wilderness areas previously designated, this proposal will create one wilderness with logical, manageable boundaries that will enhance the wilderness experience for visitors and help insure continued protection of this resource for future generations of Americans.

The scenic eroding badlands that dominate this area, the neighboring Bisti Wilderness and the western portion of the De-Na-Zin Wilderness, provide an outstanding opportunity for solitude as well as unusual types of primitive and unconfined hiking, backpacking, photography and geological/paleontological sightseeing. The badlands topography of the acquired lands naturally bridges the two wilderness areas containing a picturesque wide variety of rich colors and landform.

This bill includes additional lands that will require further exchanges with the State of New Mexico and the Navajo Tribe. Indications are that both parties are willing to enter into agreements to consummate the exchange of lands.

The Fossil Forest Research Natural Area is named for the abundant petrified tree stumps and logs which lie exposed on its surface. Many of these stumps are preserved in place with root systems still intact. A wealth of data and fossil material have been collected in the fossil forest over the past 10 years.

Four major dinosaur bone quarries and several micro-vertebrate and invertebrate localities have been excavated during this period, including a critically important Cretaceous Age—75 million years ago—mammal quarry. The occurrence of this diverse assemblage of fossil fauna and flora provides a unique opportunity to peek through a small window of time, 70 to 80 million years ago, to examine an important episode of geological and biological change.

Mr. President, I urge the Senate to move rapidly on this important legislation, in an effort to improve the National Wilderness Preservation System and to conserve a unique paleontological area that represents an important period of time and space in our country's natural history.

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

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

S. 2965

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bisti/De-Na-Zin Wilderness Expansion and Fossil Forest Protection Act".

SEC. 2. BISTI/DE-NA-ZIN WILDERNESS.

(a) WILDERNESS DESIGNATION.—Section 102 of the San Juan Basin Wilderness Protection Act of 1984 (Public Law 98-603) is amended—

(1) in subsection (a)—

(A) by striking "wilderness, and, therefore," and all that follows through "System—" and inserting "wilderness areas, and as one component of the National Wilderness Preservation System, to be known as the 'Bisti/De-Na-Zin Wilderness'—";

(B) in paragraph (1), by striking ", and which shall be known as the Bisti Wilderness; and" and inserting a semicolon;

(C) in paragraph (2), by striking ", and which shall be known as the De-na-zin Wilderness." and inserting "; and"; and

(D) by adding at the end the following new paragraph:

"(3) certain lands in the Albuquerque District of the Bureau of Land Management, New Mexico, which comprise approximately 16,674 acres, as generally depicted on a map entitled 'Bisti/De-Na-Zin Wilderness Amendment Proposal', dated May 1992.";

(2) in the first sentence of subsection (c), by inserting after "of this Act" the following: "with regard to the areas described in paragraphs (1) and (2) of subsection (a), and as soon as practicable after the date of enactment of subsection (a)(3) with regard to the area described in subsection (a)(3)";

(3) in subsection (d), by inserting after "of this Act" the following: "with regard to the areas described in paragraphs (1) and (2) of subsection (a), and where established prior to the date of enactment of subsection (a)(3) with regard to the area described in subsection (a)(3)"; and

(4) by adding at the end the following new subsection:

"(e)(1) The lands described in subsection (a)(3) are withdrawn from all forms of appropriation under the mining laws and from disposition under all laws pertaining to mineral leasing, geothermal leasing, and mineral material sales.

"(2) In order to satisfy valid existing rights, the Secretary of the Interior may follow the lease exchange procedures specified in sections 3430.5 and 3435 of title 43, Code of Federal Regulations, on any coal preference right lease application for lands within the area described in subsection (a)(3) if the applicant demonstrates that coal exists in commercial quantities on the lands that are the subject of the application.

"(3) Operations on oil and gas leases issued prior to the date of enactment of subsection (a)(3) shall be subject to the applicable provisions of Group 3100 of title 43, Code of Federal Regulations (including section 3162.5–1), and such other terms, stipulations, and conditions as the Secretary of the Interior considers necessary to avoid significant disturbance of the land surface or impairment of the ecological, educational, scientific, recreational, scenic, and other wilderness values of the lands described in subsection (a)(3) in existence on the date of enactment of subsection (a)(3).".

(b) EXCHANGES FOR STATE LANDS.—Section 104 of such Act is amended—

(1) in the first sentence of subsection (b), by inserting after "of this Act" the following: "with regard to the areas described in paragraphs (1) and (2) of subsection (a), and not later than 120 days after the date of enactment of subsection (a)(3) with regard to the area described in subsection (a)(3)";

(2) in subsection (c), by inserting before the period the following: "with regard to the areas described in paragraphs (1) and (2) of subsection (a), and as of the date of enactment of subsection (a)(3) with regard to the area described in subsection (a)(3)"; and

(3) in the last sentence of subsection (d), by inserting before the period the following: "with regard to the areas described in paragraphs (1) and (2) of subsection (a), and not later than 2 years after the date of enactment of subsection (a)(3) with regard to the area described in subsection (a)(3)".

(c) EXCHANGES FOR INDIAN LANDS.—Section 105 of such Act is amended by adding at the end the following new subsection:

"(d)(1) The Secretary of the Interior shall exchange any lands held in trust for the Navajo Tribe by the Bureau of Indian Affairs that are within the boundary of the area described in subsection (a)(3).

"(2) The lands shall be exchanged for lands approximately equal in value that are selected by the Navajo Tribe.

"(3) After the exchange, the lands selected by the Navajo Tribe shall be held in trust by the Secretary of the Interior in the same manner as the lands described in paragraph (1).".

SEC. 3. FOSSIL FOREST RESEARCH NATURAL AREA.

Section 103 of the San Juan Basin Wilderness Protection Act of 1984 (Public Law 98–603) is amended to read as follows:

"SEC. 103. FOSSIL FOREST RESEARCH NATURAL AREA.

"(a) ESTABLISHMENT.—In order to conserve and protect natural values and to provide scientific knowledge, education, and interpretation for the benefit of future generations, there is established the Fossil Forest Research Natural Area (referred to in this section as the 'Area'), consisting of the approximately 2,770 acres in the Albuquerque District of the Bureau of Land Management, New Mexico, as generally depicted on a map entitled 'Fossil Forest', dated June 1983.

"(b) MAP AND LEGAL DESCRIPTION.—

"(1) IN GENERAL.—As soon as practicable after the date of enactment of this paragraph, the Secretary of the Interior shall file a map and legal description of the Area with the Committee on Energy and Natural Resources of the Senate and the Committee on Interior and Insular Affairs of the House of Representatives.

"(2) FORCE AND EFFECT.—The map and legal description described in paragraph (1) shall have the same force and effect as if included in this Act.

"(3) TECHNICAL CORRECTIONS.—The Secretary of the Interior may correct clerical, typographical, and cartographical errors in the map and legal description subsequent to filing the map pursuant to paragraph (1).

"(4) PUBLIC INSPECTION.—The map and legal description shall be on file and available for public inspection in the Office of the Director of the Bureau of Land Management, Department of the Interior.

"(c) MANAGEMENT.—

"(1) IN GENERAL.—The Secretary of the Interior, acting through the Director of the Bureau of Land Management, shall manage the Area—

"(A) to protect the resources within the Area; and

"(B) in accordance with—

"(i) this Act;

"(ii) the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.); and

"(iii) other applicable provisions of law.

"(2) MINING.—

"(A) WITHDRAWAL.—The lands within the Area are withdrawn from all forms of appropriation under the mining laws and from disposition under all laws pertaining to mineral leasing, geothermal leasing, and mineral material sales.

"(B) COAL PREFERENCE RIGHTS.—In order to satisfy valid existing rights, the Secretary of the Interior may follow the lease exchange procedures specified in sections 3430.5 and 3435 of title 43, Code of Federal Regulations, on any coal preference right lease application for lands within the Area if the applicant demonstrates that coal exists in commercial quantities on the lands that are the subject of the application.

"(C) OIL AND GAS LEASES.—Operations on oil and gas leases issued prior to the date of enactment of this paragraph shall be subject to the applicable provisions of Group 3100 of title 43, Code of Federal Regulations (including section 3162.5–1), and such other terms, stipulations, and conditions as the Secretary of the Interior considers necessary to avoid significant disturbance of the land surface or impairment of the natural, educational, and scientific research values of the Area in existence on the date of enactment of this paragraph.

"(3) GRAZING.—Livestock grazing on lands within the Area may not be permitted.

"(d) INVENTORY.—Not later than 3 full fiscal years after the date of enactment of this subsection, the Secretary of the Interior, acting through the Director of the Bureau of Land Management, shall develop a baseline inventory of all categories of fossil resources. After the inventory is developed, the Secretary shall conduct monitoring surveys at intervals specified in the management plan developed for the Area in accordance with subsection (e).

"(e) MANAGEMENT PLAN.—

"(1) IN GENERAL.—Not later than the last day of the 5th fiscal year that begins after the date of enactment of this subsection, the Secretary of the Interior shall develop and submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Interior and Insular Affairs of the House of Representatives a management plan that describes the appropriate uses of the Area consistent with this Act.

"(2) CONTENTS.—The management plan shall include—

"(A) a plan for the implementation of a continuing cooperative program with other agencies and groups for—

"(i) laboratory and field interpretation; and

"(ii) public education about the resources and values of the Area (including vertebrate fossils);

"(B) provisions for vehicle management that are consistent with the purpose of the Area and that provide for the use of vehicles to the minimum extent necessary to accomplish an individual scientific project;

"(C) procedures for the excavation and collection of fossil remains, including botanical fossils, and the use of motorized and mechanical equipment to the minimum extent necessary to accomplish an individual scientific project; and

"(D) mitigation and reclamation standards for activities that disturb the surface to the detriment of scenic and environmental values.".●

By Mr. HATFIELD (for himself, Mr. GORTON, and Mr. PACKWOOD):

S. 2966. A bill to amend the Small Business Investment Act of 1958 to permit prepayment of debentures issued by State and local development companies; to the Committee on Small Business.

SMALL BUSINESS PREPAYMENT PENALTY RELIEF ACT

● Mr. HATFIELD. Mr. President, today I am introducing legislation which would correct a serious impediment to the health and expansion of small businesses. This bill will adjust the penalty for early payment of loans taken out when interest rates were high in the early 1980's under the Small Business Administration [SBA] Section 503 Loan Program.

Over 3,760 businesses from all around the country have loans outstanding from this program. If these businesses try to refinance their loans to effect business growth and job expansion, they will be hit with debilitating prepayment penalties. This is no way to promote the small business growth that is so badly needed in this country.

Loans under the 503 program were financed by the Treasury Department's

Federal Financing Bank [FFB] and were guaranteed by the SBA. They were taken out when interest rates were high by businesses that badly needed capital. Now that interest rates are lower, the ability to take advantage of these rates may mean the very survival of businesses hit by a weak economy.

An example of how these loans can become a burden is provided by a family owned restaurant business in Wilsonville, OR. With an outstanding loan balance of $170,000, this family would pay a penalty of $66,000 just to have the privilege of paying off the loan balance. While they recognize the benefit that the 503 program provided when they were starting their business, those marketing the program did not fully explain the potential consequences involved. Now, they find the prepayment provisions of the program to be inflexible, tying them into interest rates of over 13 percent.

My legislation will give businesses an option for 2 years to elect to prepay loans to the Federal Financing Bank. Payment would consist of their unpaid principal, plus accrued interest, plus a reasonable penalty amount.

We are not referring to loan forgiveness here. We are referring to hard-working business people who merely wish to be able to pay off their loans early. When a scholar takes out a student loan, the lenders allow prepayment of the loans. This allows the debtors to achieve the stability of clearing their accounts, and allows the banks to reloan the principal amount plus accrued interest and other fees.

The 503 loan program was set up a little differently. When borrowers want to pay back their higher interest loans in order to shake off this burden of debt and expand their businesses, they are met with penalties of up to 40 percent of the unpaid balance of the loan. It can be said that these people signed these notes and are stuck with them. But, we are not arguing principles of contract law here. We are arguing for reasonable reevaluation of the necessary penalty amount.

The 503 program was replaced by a new program that finances loans in the private market instead of the FFB. These new section 504 loans have fees much more in line with commercial lending practices. It is time that we brought the old loans back from the dark ages. These businesses should not be locked in for decades because of exorbitant penalties.

SBA guaranteed programs are set up for the benefit of small businesses—ideally to help them start and then flourish in their enterprises. If small businesses would benefit from the fair alteration of a program that is keeping them locked into high-interest loans, then we should make this change.

On another issue of import to small businesses, I would like to note that I am proud to be one of those with Senator RUDMAN introducing legislation today to reauthorize the Small Business Innovative Research Program, and will be making a separate statement regarding that bill.●

● Mr. GORTON. Mr. President, the Small Business Prepayment Penalty Relief Act, which Senator HATFIELD has introduced today and of which I am an original cosponsor, will provide much needed relief to 135 small business owners in the State of Washington and over 3,700 business owners nationwide. The Small Business Administration 503 loan has been a source of great frustration to many business owners in my State because of the huge penalties which must be paid if the loan is paid off in advance. This penalty is discouraging many owners from expanding, selling or taking out other loans.

The 503 loan has since been replaced with the SBA 504 loan and, although the 504 loan also has a prepayment penalty, it is only 1 percent of the amount of the loan. This stands in stark contrast to the prepayment penalties of up to 40 percent, as is the case with 503 loans. The legislation introduced today seeks to remedy this situation. It will provide 503 loan owners with a 2-year window to pay off their loans with a prepayment penalty which more adequately reflects current market rates.

Many small business men and women in Washington State and across the country need this legislation to expand or sell their businesses. This, in turn, will undoubtedly bring jobs and economic opportunities to families and communities across Washington State and the Nation. For this reason alone, Mr. President, I urge the Senate to act quickly on this legislation.●

By Mr. GARN (for himself and Mr. MACK) (by request):

S. 2967. A bill to increase the amount of credit available to fuel local, regional and national economic growth by reducing the regulatory burden imposed upon depository institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

CREDIT AVAILABILITY AND REGULATORY RELIEF ACT

● Mr. GARN. Mr. President, last week President Bush transmitted to the Congress the Administration's legislative recommendations to enhance the availability of credit in our economy through the reduction of unnecessary and excessive regulatory burdens on depository institutions. This bill, the Credit Availability and Regulatory Relief Act of 1992, contains many important provisions necessary to get our banks back into the business of lending. It will reduce or eliminate a wide range of regulatory burdens that are imposing unnecessary costs on our financial institutions, without appreciably adding to their safe or sound operation.

Last year the administration sent Congress a legislative package to provide needed funding for the Federal Deposit Insurance Corporation; to enhance bank supervision and regulation; and, of paramount importance, to make long-overdue changes in statutes regulating financial structure so that commercial banks could be strong, viable providers of credit to our economy.

The response of Congress last year to the administration's comprehensive package was inadequate and misguided. Because the legislation ultimately produced by the Congress contained the essential funding for the FDIC, the administration had no choice but to sign it.

What Congress produced last year, however, totally ignored structural reform but included every new regulatory and paperwork burden for banks that could be thought of by a Member of Congress or by the General Accounting Office. Congress even ignored the professionals in the Federal bank regulatory agencies in its zeal to pile on new regulatory and paperwork burdens.

Today we are seeing the consequences in the form of inadequate credit for the emerging economic expansion and the consequent lack of job creation.

Regrettably, this Congress has shown itself unable to stand up to the special interest groups and enact desperately needed structural reform in the financial services sector. Hopefully, Congress will not also prove itself unable to distinguish between prudential regulation and regulatory overkill that is choking the economic expansion.

The legislative package I am introducing today is only half a loaf. If does not propose regulatory restructuring, but it will rationalize bank regulation. Admittedly, some Members of Congress will be put in the awkward position of having to admit they went too far in weighing down depository institutions with excessive regulatory burdens last year, but surely the health of our economic expansion is worth this small price.

Mr. President, this bill takes a comprehensive approach to many of the regulatory burden problems facing our financial system. However, as with any legislative proposal, there may be specific provisions that may need to be modified or fine tuned during the legislative process. Nevertheless, it is essential that that process begin as soon as possible. Therefore, today I, along with Senator MACK will introduce this proposal.

Mr. President, I ask unanimous consent that the text of the bill, a section-by-section analysis, and a statement by the President relative to the legislation be printed in the RECORD at this point.

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

S. 2967

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Credit Availability and Regulatory Relief Act of 1992".

(b) TABLE OF CONTENTS.—

TITLE I—SUPERVISORY REFORMS

Sec. 101. Reduction of examination costs.
Sec. 102. Audit costs.
Sec. 103. Reporting burdens; study of small business lending.
Sec. 104. Regulatory standards and uniformity.
Sec. 105. Branch closures.
Sec. 106. Aggregate limits on insider lending.
Sec. 107. Interbank liabilities.
Sec. 108. Assessment base for deposit insurance premiums.
Sec. 109. Real estate appraisal amendment.
Sec. 110. Community Reinvestment Act amendments.
Sec. 111. Application information.
Sec. 112. Data collection burdens.
Sec. 113. Interest rate restrictions.
Sec. 114. Depository institutions lacking Federal deposit insurance.
Sec. 115. Effective dates.
Sec. 116. Acceleration of the sister thrift exception effective date.

TITLE II—NON-SUPERVISORY REFORMS

SUBTITLE A—EXPEDITED FUNDS AVAILABILITY AND ELECTRONIC TRANSFERS

Sec. 201. Availability schedules.
Sec. 202. Definition of a new account.
Sec. 203. Authority to establish rules regarding payment system losses and liabilities.

SUBTITLE B—AMENDMENT TO THE TRUTH IN LENDING ACT

Sec. 211. Exemption for certain borrowers.

SUBTITLE C—HOMEOWNERSHIP AMENDMENTS

Sec. 221. Estimates of real estate settlement costs.
Sec. 222. Home Mortgage Disclosure Act exemption.
Sec. 223. Adjustable rate mortgage caps.
Sec. 224. Elimination of duplicative data collection.

SUBTITLE D—AMENDMENTS TO THE TRUTH IN SAVINGS ACT

Sec. 231. Advertisements.
Sec. 232. Disclosure requirements for certain accounts.
Sec. 233. Variable rate account.
Sec. 234. Civil liability.

SUBTITLE E—EXPEDITED PROCEDURES FOR BANK HOLDING COMPANIES

Sec. 241. Expedited procedures for forming a bank holding company.
Sec. 242. Exemption of certain holding bank formations from registration under the Securities Act of 1933.
Sec. 243. Expedited procedures for bank holding companies to seek approval to engage in nonbanking activities.
Sec. 244. Reduction of post-approval waiting period for bank holding company acquisitions.
Sec. 245. Reduction of post-approval waiting period for bank mergers.

TITLE I—SUPERVISORY REFORMS

SEC. 101. REDUCTION OF EXAMINATION COSTS.

(a) STATE EXAMINATIONS.—Section 10(d)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1820(d)(3)) (as added by section 111 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended to read as follows:

"(3) STATE EXAMINATIONS ACCEPTABLE.—The examination requirement established under paragraph (1) may be satisfied by an examination of the insured depository institution conducted by the State during the 12-month period if the appropriate Federal banking agency determines that the State examination carries out the purposes of this subsection.".

(b) BANKS AND THRIFTS WITHIN BANK OR THRIFT HOLDING COMPANIES.—Section 10(d) of the Federal Deposit Insurance Act (12 U.S.C. 1820(d)) (as added by section 111 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by adding after paragraph (6) the following new paragraph:

"(7) BANKS AND THRIFTS WITHIN BANK OR THRIFT HOLDING COMPANIES.—The appropriate Federal banking agency may exempt any insured depository institution owned or controlled by a depository institution holding company from the requirements of this subsection where—

"(A) the agency is satisfied that adequate internal controls and examination procedures exist within the holding company structure; and

"(B) the insured depository institutions owned or controlled by the depository institution holding company having 80% or more of the total assets of all insured depository institution assets owned or controlled by the depository institution holding company have been examined pursuant to the requirements of this subsection.".

SEC. 102. AUDIT COSTS.

(a) AUDITOR ATTESTATIONS.—Section 36 of the Federal Deposit Insurance Act (12 U.S.C. 1831m) (as added by section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended—

(1) in subsection (a)(2)(A)(ii), by striking "subsections (c) and (d)" and inserting instead "subsection (c)"; and

(2) by striking subsections (c) and (e).

(b) DUPLICATIVE REPORTING.—Section 36(i) of the Federal Deposit Insurance Act (12 U.S.C. 1831m(i)) (as amended by section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended to read as follows:

"(i) REQUIREMENTS FOR INSURED SUBSIDIARIES OF HOLDING COMPANIES.—Except with respect to any audit requirements established under or pursuant to subsection (c) of this section, the requirements of this section may be satisfied for insured depository institutions that are subsidiaries of a holding under this section are provided at the holding company level.".

(c) INDEPENDENT AUDIT COMMITTEES.—Section 36(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1831m(g)(1)) (as added by section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended—

(1) in subparagraph (A)—

(A) by inserting "with total assets greater than $1,000,000,000" after "depository institution"; and

(B) by adding at the end thereof "Each insured depository institution with total assets of $1,000,000,000 or less (to which this section applies) shall have an independent audit committee the majority of which is made up of outside directors who are independent of management of the institution, and who satisfy any specific requirements the Corporation may establish.";

(2) in subparagraph (b), by striking "(b)(2), (c), and (d)" and inserting instead "(b)(2) and (c)";

(3) in subparagraph (C)—

(A) by inserting "and" after the semicolon at the end of clause (i);

(B) by striking "; and" at the end of clause (ii) and inserting instead a period; and

(C) by striking clause (iii); and

(4) by adding at the end thereof the following new subparagraph:

"(D) EXEMPTIVE AUTHORITY.—Each appropriate Federal banking agency shall, by regulation, exempt from the requirements of this subsection all insured depository institutions that face hardships in retaining competent directors on their internal audit committees as a result of this subsection. In determining what types of institutions will be exempted, the agency shall consider such factors as the size of the institution and the availability of competent outside directors in the community.".

(d) PUBLIC AVAILABILITY.—Section 36(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1831m(a)(3)) (as added by section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by adding at the end thereof "Notwithstanding the previous sentence, the Corporation and the appropriate Federal banking agencies may designate certain information as privileged and confidential and not available to the public.".

(e) QUARTERLY REPORTS.—Section 36(g)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1831m(g)(2)) (as added by section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by adding at the end thereof the following new subparagraph:

"(D) NOTICE REQUIRED.—Upon determining that an institution's quarterly reports shall be subject to the requirements of subparagraph (A), the Corporation shall promptly provide the institution with written notice of such determination.".

(f) CLERICAL AMENDMENTS.—Section 36 of the Federal Deposit Insurance Act (12 U.S.C. 1831m) (as added by section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended—

(1) by redesignating subsection (d) as subsection (c);

(2) by redesignating subsection (f) through (j) as subsections (d) through (h), respectively.

SEC. 103. REPORTING BURDENS; STUDY OF SMALL BUSINESS LENDING

(a) Section 122 of the Federal Deposit Insurance Corporation Improvement Act of 1991 is repealed.

(b) Section 477 of the Federal Deposit Insurance Corporation Improvement Act of 1991 is repealed.

(c)(1) The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, and the Small Business Administration shall jointly conduct a study of the appropriate method or methods of obtaining such information as is necessary to assess the availability of credit to small businesses, including minority-owned small businesses and small farms. Such study may include a survey of existing information to assess such credit availability.

(2) Not later than one year after the date of enactment of this Act, the agencies listed in paragraph (1) shall jointly submit to the Congress a report containing a detailed statement of findings made, and conclusions drawn from, the study conducted under this subsection, including such recommendations for administrative and legislative action as such agencies determine to be appropriate.

SEC. 104. REGULATORY STANDARDS AND UNIFORMITY.

(a) Section 39 of the Federal Deposit Insurance Act (12 U.S.C. 1831s), as added by section 132 of the Federal Deposit Insurance Corporation Improvement Act of 1991, is repealed.

(b) The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding after section 41 the following new section:

"SEC. 42. UNIFORM REGULATIONS.

"(a) IN GENERAL.—Before the end of the two-year period beginning on the date of enactment of the Credit Availability and Regulatory Relief Act of 1992, the appropriate Federal banking agencies shall complete a review of their regulations and adopt uniform regulations, except as provided by subsection (b).

"(b) VARIATIONS PERMITTED.—In adopting regulations under subsection (e), each appropriate Federal banking agency may have such variations in its regulations—

(1) as are required by Federal statute; or

(2) as it determines are necessary to protect a compelling public interest.".

SEC. 105. BRANCH CLOSURES.

Section 39 of the Federal Deposit Insurance Act (12 U.S.C. 1831p) (as added by section 228 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by adding at the end the following new subsection:

"(d) DEFINITIONS.—For purposes of this section, the term 'branch' shall not include:

"(1) an automated teller machine;

"(2) a branch acquired through merger, consolidation, purchase, assumption or other method that is located in a local market area currently served by another branch of the acquiring institution;

"(3) a branch that is closed and reopened in another location within the same local market area that would continue to provide banking services to substantially all of the customers currently served by the branch that is closed;

"(4) a branch that is closed in connection with—

"(A) an emergency acquisition under—

"(i) section 11(n) of this Act; or

"(ii) subsections (f) or (k) of section 13 of this Act;

"(B) any assistance provided by the Corporation under section 13(c) of this Act; or

"(C) resolution of an institution in default or in danger of default; and

"(5) any other branch that is closed and for which exemption from the notice requirements of this section would not produce a result inconsistent with the purposes of this section, as determined by the appropriate Federal banking agency by regulation or order.".

SEC. 106. AGGREGATE LIMITS ON INSIDER LENDING.

(a) IN GENERAL.—Section 22(h)(5) of the Federal Reserve Act (12 U.S.C. 375(5)) (as amended by section 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended—

(1) in subparagraph (A)—

(A) by designating the existing text following "IN GENERAL.—" as clause (i); and

(B) by adding at the end thereof the following new clause:

(ii) Extensions of credit by a member bank that conform to the collateral or other requirements of section 5200(c) of the Revised Statutes, so as to be qualified as exceptions to the limitations of section 5200(a) of the Revised Statutes, shall not be included in or aggregated with the amount of all outstanding extensions of credit calculated under this subsection.";

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following new subparagraph:

"(C) SMALL BANK EXCEPTION.—Notwithstanding subparagraph (A) (i), member banks with less than $100,000,000 in deposits may make such extensions of credit in the aggregate to persons specified in subparagraph (A) in an amount not to exceed 2 times the bank's unimpaired capital and unimpaired surplus."; and

(4) in subparagraph (D) (as redesignated), by striking "less than $100,000,000" and inserting instead "between $100,000,000 and $250,000,000".

(b) DEFINITIONS.—Section 22(h)(9) of the Federal Reserve Act (12 U.S.C. 375b(9)) (as amended by section 306 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended—

(1) in subparagraph (D), by adding at the end thereof "The Board of Governors of the Federal Reserve System may prescribe by regulation exceptions from the term 'extension of credit' in the case of transactions that are consistent with prudent, safe, and sound banking practices."; and

(2) in subparagraph (F), by adding at the end thereof "the term 'principal shareholder' shall not include a company (including an insured depository institution) of which the member bank is a subsidiary.".

SEC. 107. INTERBANK LIABILITIES.

Section 23 of the Federal Reserve Act (12 U.S.C. 371b-2) (as added by section 308 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is repealed.

SEC. 108. ASSESSMENT BASE FOR DEPOSIT INSURANCE PREMIUMS.

(a) The third sentence of section 7(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(3)) is amended to read as follows: "Two dates shall be selected within the semiannual period of January to June inclusive, and two dates shall be selected within the semiannual period of July to December inclusive.".

(b) Section 7(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended to read as follows:

"(3) A depository institution's average assessment base with respect to a semiannual assessment shall be the average of such depository institution's assessment bases for the following two dates:

"(A) the first of the two dates for which the depository institution is required to submit reports of condition pursuant to subsection (a)(3) of this section (hereinafter referred to as 'reports of condition') falling within the semiannual period immediately prior to the semiannual period for which the assessment is due; and

"(B) the second of the two dates for which the depository institution is required to submit reports of condition falling within the semiannual period immediately prior to the semiannual period specified in subparagraph (A).".

(c) Section 7(c)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)(1)) is amended to read as follows:

"(1) On or before the last day of the first month following each semiannual period, each insured depository institution that became insured prior to the beginning of such period shall file with the Corporation a certified statement showing its average assessment base as prescribed in subsection (b)(3) of this section. Each such depository institution shall pay to the Corporation the amount of the semiannual assessment to be determined from the average assessment base it is required to certify under this paragraph.".

(d) Section 7(c)(2)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)(2)(A)) is amended to read as follows:

"(A) file with the Corporation a certified statement showing, as its assessment base for such period, its assessment base for the date prescribed in subsection (b)(3)(A) of this section, if any, within such period for which it was required to submit a report of condition, or".

(e) Section 7(c)(2)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)(2)(B)) is amended to read as follows:

"(B) if such depository institution became an insured depository institution after the date prescribed in subsection (b)(3)(A) of this section, such institution shall make a report of condition as of the last day of such semiannual period and shall file with the Corporation a certified statement showing, as its assessment base for such period, its assessment base for the date of such report of condition.".

SEC. 109. REAL ESTATE APPRAISAL AMENDMENT.

(a) Section 1112 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3341) is amended—

(1) by striking "Each Federal" and inserting instead "(a) IN GENERAL.—Each Federal"; and

(2) by adding at the end the following new subsection:

"(b) DE MINIMIS EXCEPTION.—

"(1) THRESHOLD LEVEL.—Notwithstanding sections 1113 and 1114 (12 U.S.C. 3342 and 3343), appraisals by a State certified or State licensed appraiser shall not be required for a real estate-related transaction that a Federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates if the transaction has a value of $100,000 or less, except as the appropriate Federal financial institutions regulatory agency or the Resolution Trust Corporation finds necessary for supervisory purposes regarding a particular institution.

"(2) ANNUAL INCREASE.—For purposes of paragraph (b)(1), the dollar amount shall be adjusted annually after December 31, 1992 by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics or at such other higher level as each Federal financial institutions regulatory agency and the Resolution Trust Corporation determines is in the public interest.".

(b) Section 1119(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3348(a)) is amended by adding after paragraph (2) the following new paragraph:

"(3) PROHIBITION ON STATE REQUIREMENTS.—No State may require that appraisals in connection with real estate-related financial transactions that a Federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates be conducted by State certified or State licensed appraisers.".

SEC. 110. COMMUNITY REINVESTMENT ACT AMENDMENTS.

(a) MODIFIED REPORTING.—The Community Reinvestment Act of 1977 (12 U.S.C. 2901 et seq.) is amended by adding after section 808 the following new sections:

"SEC. 809. MODIFIED REPORTING.—

"(a) SCOPE.—

"(1) This section shall only apply during a calendar year to a regulated financial institution that—

"(A) has not been found to be in violation of section 701(a) of the Equal Credit Oppor-

tunity Act, or any other substantive provision of such Act, for the 5-year period preceding such calendar year;

"(B) does not currently have a rating of 'needs to improve' or 'substantial noncompliance' from the appropriate Federal financial supervisory agency under section 807(b);

"(C) had total assets, as of the preceding December 31, of less than $100,000,000; and

"(D) has its main office (and each of its branches) located in a town, political subdivision, or other unit of general local government of a State that has a population of not more than 20,000 persons and that is not part of a metropolitan statistical area.

"(2) For purposes of paragraph (1)(C), the dollar amounts therein shall be adjusted annually after December 31, 1992, by the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor Statistics.

"(b) REPORTING PROCEDURES.—In lieu of being evaluated under section 804 and receiving a written evaluation under section 807 during the calendar year referred to in subsection (a), a regulated financial institution described in subsection (a) shall—

"(1) declare in writing to the appropriate Federal financial supervisory agency that it is a regulated financial institution described in subsection (a), that it is in compliance with the requirements of this subsection, and that it reasonably believes that its record of meeting the credit needs of its entire community would qualify it for a rating of 'satisfactory' or 'outstanding';

"(2) display any notices that may be required by the appropriate Federal financial supervisory agency concerning its compliance with the requirements of this Act; and

"(3) make available for public inspection the following information regarding the record of such institution in meeting the credit needs of its entire community—

"(A) an identification of the community it serves;

"(B) a list of the types of credit offered by the institution;

"(C) any public comments received within the previous 2 years regarding the institution's service of the entire community's credit needs; and

"(D) copies of any declaration submitted under paragraph (1).

"(c) PENALTIES.—

"(1) IN GENERAL.—If the appropriate Federal financial supervisory agency finds that a regulated financial institution has intentionally submitted false information to the appropriate Federal financial supervisory agency or otherwise has willfully violated the requirements of subsection (b), such institution—

"(A) shall, notwithstanding this section, be subject to the requirements of section 804 for a period of not more than 10 years; and

"(B) shall be subject to a penalty of not more than $100,000.

"(2) MITIGATING FACTORS.—In determining the amount of any penalty imposed under paragraph (1), the appropriate Federal financial supervisory agency shall take into account the appropriateness of the penalty with respect to the size of the financial resources and good faith of the regulated financial institution.

"(d) COMMUNITY CHALLENGE.—The appropriate Federal financial supervisory agency shall investigate any significant allegation filed against a regulated financial institution subject to this section that relates to whether such institution is helping to meet the credit needs of its entire community, consistent with the safe and sound operation of such institution.

"SEC. 810. SAFE HARBOR.—Notwithstanding section 804(a), an application for a deposit facility by—

"(a) a regulated financial institution shall not be denied on the basis of such institution's compliance with this Act if such institution received a rating in its last evaluation under section 804 of 'Outstanding' in its record of meeting community credit needs, as provided in section 807(b); or

"(b) a depository institution holding company as defined in section 3(w) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)) shall not be denied if—

"(1) subsidiaries representing two-thirds in aggregate amount of the holding company's regulated financial institution assets received a rating in their last evaluation under section 804 of 'Outstanding'; and

"(2) the remaining regulated financial institution subsidiaries received a rating in their last evaluation under section 804 of at least 'Satisfactory'.

"SEC. 811. STATE EXAMINATIONS.—

"The appropriate Federal financial supervisory agency may accept examinations conducted by State supervisory agencies pursuant to comparable State community reinvestment laws in order to satisfy the requirements of this Act.".

(b) DUPLICATIVE INFORMATION COLLECTION.—Section 804 of the Community Reinvestment Act of 1977 (12 U.S.C. 2903) is amended—

(1) by striking "and" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting instead "; and"; and

(3) by adding after paragraph (2) following new paragraph:

"(3) not require a regulated financial institution to collect, prepare, file, or maintain data or information for purposes of assessing the institution's record of helping to meet the credit needs of its entire community if such data or information is also required to be submitted under the Home Mortgage Disclosure Act of 1975.".

(c) ADDITIONAL EVALUATION FACTORS.—The Community Reinvestment Act of 1977 (12 U.S.C. 2901 *et seq.*) is amended—

(1) in section 803 (12 U.S.C. 2902)—

(A) by striking "and" at the end of paragraph (a);

(B) in paragraph (3)(F), by striking the period at the end thereof and inserting instead a semicolon;

(C) in paragraph (4)—

(i) by striking "A financial institution" and inserting instead "a financial institution"; and

(ii) by striking the period at the end thereof and inserting instead "; and"; and

(C) by adding after paragraph (4) the following new paragraph:

"(5) the term 'special purpose bank' means a bank that does not generally accept retail deposits, such as credit card banks and trust banks."; and

(2) in section 804 (12 U.S.C. 2903)—

(A) by designating the existing text as subsection (a); and

(B) by adding at the end thereof the following new subsection:

"(b) In conducting assessments pursuant to subsection (a), each appropriate Federal financial supervisory agency shall—

"(1) to the extent a regulated financial institution is engaged in providing credit in distressed communities (as such term is defined by the appropriate Federal financial supervisory agency) located outside of the community referred to in subsection (a)(1), look favorably on such provision of credit; and

"(2) take into consideration the nature of business in which special purpose banks are involved and develop standards under which special purpose banks may be deemed to have complied with the requirements of this Act that are consistent with the specific nature of such banks.".

(d) PUBLIC DISCLOSURE.—Section 807(b)(1)(B) of the Community Reinvestment Act of 1977 (12 U.S.C. 2906(b)(1)(B)) (as amended by section 222 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by striking "and data".

SEC. 111. APPLICATION INFORMATION.

(a) Section 5(a) of the Federal Deposit Insurance Act (12 U.S.C. 1815(a)) is amended by adding after paragraph (6) the following new paragraph:

"(7) APPLICATION INFORMATION.—

"(A) APPLICATION INFORMATION PROVIDED TO OTHER FEDERAL BANKING AGENCIES.—Application information provided by a depository institution to an appropriate Federal banking agency other than the Corporation, that also is required to be submitted to the Corporation as part of an insurance application under this section, shall satisfy the requirements of the Corporation for such insurance application if a copy of the application information provided to such other appropriate Federal banking agency is appended to the application to the Corporation.

"(B) AGENCY COORDINATION.—The appropriate Federal banking agencies shall jointly establish application requirements for the purposes of subparagraph (A).".

(b) The amendment made by subsection (a) shall be effective 180 days after the date of enactment of this Act.

SEC. 112. DATA COLLECTION BURDENS.

Section 7(a)(8) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(8)) (as amended by Section 141(c) of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by adding at the end thereof "In prescribing reporting and other requirements pursuant to this paragraph, the Corporation shall minimize the regulatory burden imposed upon insured depository institutions.".

SEC. 113. INTEREST RATE RESTRICTIONS.

Section 29(g) of the Federal Deposit Insurance Act (12 U.S.C. 1831f(g)) is amended—

(1) in paragraph (3)—

(A) by inserting "(A) IN GENERAL.—" before "Notwithstanding";

(B) by inserting "and except as provided in subparagraph (B) of this paragraph" after "paragraph (2)"; and

(C) by adding at the end following new subparagraph:

"(B) EXCLUSION OF WHOLESALE DEPOSIT ACTIVITIES.—The term 'deposit broker' does not include any adequately capitalized insured depository institution, and any employee of such institution, with respect to the solicitation of wholesale deposits, as such term shall be defined by the Corporation pursuant to paragraph (5).."; and

(2) by adding after paragraph (4) the following new paragraph:

"(5) WHOLESALE DEPOSITS.—The Corporation shall by regulation define the term 'wholesale deposits' for purposes of paragraph (3).".

SEC. 114. DEPOSITORY INSTITUTIONS LACKING FEDERAL DEPOSIT INSURANCE.

(A) REPEAL.—Section 40 of the Federal Deposit Insurance Act (as added by section 151 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is repealed.

(b) LIABILITY PRECLUDED.—The Federal Trade Commission shall not bring or maintain an enforcement action or proceeding against a private deposit insurer for not complying with the requirement to complete the initial annual audit within the time period required by section 151(b)(1) of the Federal Deposit Insurance Corporation Improvement Act (prior to the repeal of section 151 in this Act).

(c) STUDY OF DEPOSITORY INSTITUTIONS LACKING FEDERAL DEPOSIT INSURANCE.—

(1) IN GENERAL.—The Secretary of the Treasury, in consultation with the Chairman of the Securities and Exchange Commission, the Chairman of the Federal Trade Commission, the Chairman of the Federal Deposit Insurance Corporation, and the Chairman of the National Credit Union Administration Board, shall conduct and complete a study of: (A) the measures necessary or appropriate to ensure that the public receives adequate disclosure regarding depository institutions that lack federal deposit insurance, and (B) the appropriateness of imposing audit requirements on private deposit insurers.

(2) TOPICS.—As part of the study required under paragraph (1), the Secretary shall investigate and evaluate the following:

(A) the imposition of an annual audit requirement on private deposit insurers;

(B) the requirements of the audit and the standards pursuant to which such audits would be conducted;

(C) the necessity or appropriateness of establishing a regulatory framework on the State or Federal level to administer such audit requirements;

(D) the types of entities that should be subject to a customer disclosure requirement regarding their lack of Federal deposit insurance;

(E) the manner and content of customer disclosure regarding the lack of Federal deposit insurance;

(F) the appropriateness of establishing a Federal regulatory scheme for administering and enforcing such a disclosure requirement;

(G) the feasibility of establishing a State-administered program for the purpose of certifying that entities lacking Federal deposit insurance meet the requirements for such insurance.

(3) FINAL REPORT.—Not later than the end of the 6-month period beginning on the date of enactment of this Act, the Secretary of the Treasury shall submit to Congress a final report containing a detailed statement of the findings made, and conclusions drawn from, the study conducted under this subsection, including such recommendations for administrative and legislative actions as the Secretary determines to be appropriate.

SEC. 115. EFFECTIVE DATES.

(a) Section 112(b) of the Federal Deposit Insurance Corporation Improvement Act of 1991 is amended by striking "1992" and inserting instead "1993".

(b) Section 131 of the Federal Deposit Insurance Corporation Improvement Act of 1991 is amended—

(1) in subsection (b)—

(A) by striking "9" and inserting instead "18"; and

(B) by striking "1" and inserting "2"; and

(2) in subsection (f), by striking "1" and inserting instead "2".

(c) Section 269(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 is amended—

(1) in paragraph (1), by striking "9" and inserting instead "18"; and

(2) by amending paragraph (2) to read as follows:

"(2) EFFECTIVE DATE OF REGULATIONS.—The regulations prescribed under paragraph (1) shall take effect no earlier than 2 years from the date of enactment of the Federal Deposit Insurance Corporation Improvement Act of 1991.".

(d) Section 301 of the Federal Deposit Insurance Corporation Improvement Act of 1991 is amended—

(1) in subsection (d)—

(A) by inserting "1 year and" before "150 days;"; and

(B) by inserting "1 year and" before "180 days"; and

(2) by adding after subsection (d) the following new subsections:

"(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 1 year and 180 days from the date of enactment of the Federal Deposit Insurance Corporation Improvement Act of 1991.

"(f) LIABILITY.—The Corporation or the appropriate Federal banking agencies shall not bring or maintain any enforcement action or proceeding against an insured depository institution or a deposit broker for not complying with the amendments made by this section and any regulations implementing such amendments for any period prior to the effective date set forth in subsection (e).".

(e) Section 18(o)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(o)(4)) (as added by section 304 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by striking "become effective not later than 15 months" and inserting instead "take effect no earlier than 2 years and 3 months".

(f) Section 306(*l*) of the Federal Deposit Insurance Corporation Improvement Act of 1991 is amended to read as follows:

"(*l*) EFFECTIVE DATE; LIABILITY.—

"(1) The amendments made by this section shall become effective on December 19, 1992.

"(2) A member bank shall not be liable in any proceeding or suit, and the Board or the appropriate Federal banking agencies shall not bring or maintain any enforcement action, for not complying with the amendments made by this section and any regulations implementing such amendments for any period prior to the effective date set forth in this subsection (as amended by the Credit Availability and Regulatory Relief Act of 1992).".

(g) Section 37(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 183n(a)(3)) (as added by section 121 of the Federal Deposit Insurance Corporation Improvement Act of 1991) is amended by striking "1-year" and inserting instead "2-year".

SEC. 116. ACCELERATION OF THE SISTER THRIFT EXCEPTION EFFECTIVE DATE.

Section 11(a)(2)(B) of the Home Owners' Loan Act (12 U.S.C. 1468(a)(2)(B)) is amended by striking "1995" and inserting instead "1993".

TITLE II—NON-SUPERVISORY REFORMS

SUBTITLE A—EXPEDITED FUNDS AVAILABILITY AND ELECTRONIC TRANSFERS

SEC. 201. AVAILABILITY SCHEDULES.

Section 603(a)(2)(E) of the Expedited Funds Availability Act (12 U.S.C. 4002(a)(2)(E)) is amended by inserting "(other than by use of a proprietary ATM)" after "branch of a depository institution".

SEC. 202. DEFINITION OF A NEW ACCOUNT.

Section 604(a) of the Expedited Funds Availability Act (12 U.S.C. 4003(a)) is amended by striking "30-day period" and inserting instead "90-day period".

SEC. 203. AUTHORITY TO ESTABLISH RULES REGARDING PAYMENT SYSTEM LOSSES AND LIABILITIES.

Section 611(f) of the Expedited Funds Availability Act (12 U.S.C. 4010(f)) is amended by striking "allocate among depository institutions" and inserting instead "allocate among depository institutions and other entities participating in the payments system, including States and political subdivisions thereof on which checks are drawn,".

SUBTITLE B—AMENDMENTS TO THE TRUTH IN LENDING ACT

SEC. 211. EXEMPTION FOR CERTAIN BORROWERS.

(a) SOPHISTICATED BORROWER EXCEPTION.—Section 104 of the Truth in Lending Act (15 U.S.C. 1603) is amended by adding at the end the following new paragraph:

"(7) Credit transactions involving a consumer who a creditor has a reasonable basis to believe had individual income in excess of $200,000 in each of the two calendar years immediately preceding the transaction or who has an individual net worth, or joint net worth with that person's spouse, at the time of the transaction, that exceeds $1,000,000.".

(b) LIMITATION TO ACTUAL DAMAGES IN CIVIL ACTIONS.—Section 130(a) of the Truth in Lending Act (15 U.S.C. 1640(a)) is amended—

(1) in paragraph (1), by inserting "or" at the end thereof;

(2) by striking paragraph (2);

(3) by redesignating paragraph (3) as paragraph (2); and

(4) by striking the first two sentences and the fourth sentence in the flush language following paragraph (2) (as redesignated).

SUBTITLE C—HOMEOWNERSHIP AMENDMENTS

SEC. 221. ESTIMATES OF REAL ESTATE SETTLEMENT COSTS.

The last sentence of section 5(d) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604(d)) is amended to read as follows: "The lender shall provide such booklet by delivering it or placing it in the mail not later than 3 business days after the application is received, except that no booklet need be provided if the lender denies the application for credit within 3 business days after the application is received.".

SEC. 222. HOME MORTGAGE DISCLOSURE ACT EXEMPTION.

Section 309 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2808) is amended by adding at the end the following new sentence: "The dollar amount of total assets referred to in this section shall be adjusted annually on January 1 by the annual percentage increase in the Consumer Price Index reported for the previous June 1.".

SEC. 223. ADJUSTABLE RATE MORTGAGE CAPS.

Section 1204(d)(2) of the Competitive Equality Banking Act of 1987 (12 U.S.C. 3806(d)(2)) is amended by striking "any loan" and inserting instead "any consumer loan".

SEC. 224. ELIMINATION OF DUPLICATIVE DATA COLLECTION.

Effective 6 months after the date of enactment of this Act, an appropriate Federal banking agency shall not require any insured depository institution (as defined in section 3(q) of the Federal Deposit Insurance Act) and the National Credit Union Administration shall not require any insured credit union (as defined in section 2 of the Federal Credit Union Act) to prepare, file, or maintain data to further the purposes of, or to fulfill the requirements of, the Fair Housing Act if the preparation, filing, or maintenance of such data is required under the Home Mortgage Disclosure Act of 1975.

SUBTITLE D—AMENDMENTS TO THE TRUTH IN SAVINGS ACT

SEC. 231. ADVERTISEMENTS.

Section 263(b) of the Truth in Savings Act (12 U.S.C. 4302(b)) is amended to read as follows:

"(b) BROADCAST AND ELECTRONIC MEDIA AND OUTDOOR ADVERTISING EXCEPTION.—

"(1) IN GENERAL.—The Board shall, by regulation, exempt advertisements, announcements, and solicitations made by any broadcast or electronic medium or outdoor advertising display not on the premises of a depository institution from any disclosure requirements described in paragraphs (4) and (5) of subsection (a).

"(2)(A) RATE BOARD EXCEPTION.—The Board may, by regulation, exempt any interest rate notice board located on the premises of a depository institution from any disclosure requirements described in paragraphs (4) or (5) of subsection (a) if the board finds that any such disclosure would be unnecessarily burdensome.

"(B) DEFINITION.—For purposes of subparagraph (A), the term 'interest rate notice board' means any prominent display on the premises of a depository institution that discloses the interest rates on the various accounts offered by such depository institution, except such term does not include any advertising display promoting a particular type of account or service.".

SEC. 232. DISCLOSURE REQUIREMENTS FOR CERTAIN ACCOUNTS.

Section 265 of the Truth in Savings Act (12 U.S.C. 4304) is amended by striking "relating to annual percentage yield".

SEC. 233. VARIABLE RATE ACCOUNT.

(a) Section 266(c) of the Truth in Savings Act (12 U.S.C. 4305(c)) is amended by striking "If—" and inserting instead "Except in the case of a rate change to a variable rate account, if—".

(b) Section 274 of the Truth in Savings Act (12 U.S.C. 4313) is amended by adding after paragraph (8) the following new paragraph;

"(9) VARIABLE RATE ACCOUNT.—The Term 'variable rate account' means an account which the simple interest rate may change after the account is opened, except if the institution contracts to give the account holder at least 30 days advance written notice of rate changes.".

SEC. 234. CIVIL LIABILITY.

(a) STATUTORY DAMAGES.—Section 271(a) of the Truth in Savings Act (12 U.S.C. 4310(a)) is amended to read as follows:

"(a) LIMITATION TO ACTUAL DAMAGES.—Except as otherwise provided in this section, any depository institution that fails to comply with any requirement imposed under this Act or any regulation prescribed under this Act with respect to any person who is an account holder is liable to such person for an amount equal to any actual damages sustained by such person as a result of such failure.".

(b) CONFORMING AMENDMENT.—Section 271 of the Truth in Savings Act (12 U.S.C. 4310) is amended—

(1) by striking subsection (b); and

(2) by redesignating subsections (c) through (i) as subsections (b) through (h), respectively.

(c) OFFSETS FOR OVERPAYMENT.—Section 271(c) of the Truth in Savings Act (12 U.S.C. 4310(c)) (as redesignated) is amended—

(1) by inserting "(1)" before "A depository institution";

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively; and

(3) by adding at the end the following new paragraph:

"(2) In any action brought under this section for a violation of this subtitle, actual damages shall be offset by—

"(A) the amount of all interest payments made to the account holder that are greater than the amount determined under any disclosed rates of interest applicable to such payments";

"(B) the amount of any payment, other than interest payments described in subparagraph (A), made to the account holder that are greater than any disclosed amount of payment; and

"(C) the amount of any charge to the consumer that is less than the amount determined under the disclosed charge or fee schedule applicable with respect to such charge.".

SUBTITLE E—EXPEDITED PROCEDURES FOR BANK HOLDING COMPANIES.

SEC. 241. EXPEDITED PROCEDURES FOR FORMING A BANK HOLDING COMPANY.

Section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)) is amended in the second sentence—

(1) by striking "or (B)" and inserting instead "(B)";

(2) by inserting before the period at the end thereof "; or (C) the acquisition by a company of control of a bank in a reorganization in which a person or group of persons exchange their shares of the bank for shares of a newly formed bank holding company and receive, after the reorganization, substantially the same proportional share interest in the bank holding company as they held in the bank except for changes in, shareholders' interests resulting from the exercise of dissenting shareholders' rights under State or Federal law if (i) the company provides the Board written notice of the proposed acquisition not less than 30 days prior to the date of such acquisition, (ii) the Board has not disapproved the notice within the 30-day period following receipt of such notice, and (iii) immediately following the acquisition the newly formed bank holding company meets the capital and other financial standards prescribed by the Board by regulation for such a bank holding company and the bank holding company does not engage in any activities other than those of banking or managing and controlling banks".

SEC. 242. EXEMPTION OF CERTAIN HOLDING COMPANY FORMATIONS FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933.

Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended by adding at the end thereof the following new paragraph:

"(7) transactions involving offers of sales of equity securities, in connection with the acquisition of a bank by a company under section 3(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(a)), or a savings association by a company under section 10(e) of the Home Owners Loan Act (12 U.S.C. 1467a(e)), if—

"(A) the acquisition occurs solely as part of a reorganization in which a person or group of persons—

"(i) exchange shares of a bank or savings association for shares of a newly formed bank holding company or newly formed savings and loan holding company; and

"(ii) receive, after such reorganization, substantially the same proportional share interests in the newly formed bank holding company or newly formed savings and loan holding company as they held in the bank, except for changes in shareholders' interests resulting from the exercise of dissenting shareholders' rights under State or Federal law; and

"(B) the newly formed bank holding company or newly formed savings and loan holding company has substantially the same assets and liabilities as its predecessor.".

SEC. 243. EXPEDITED PROCEDURES FOR BANK HOLDING COMPANIES TO SEEK APPROVAL TO ENGAGE IN NONBANKING ACTIVITIES.

(a) Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended—

(1) in subparagraph (C), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

(2) in subparagraph (D), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

(3) in subparagraph (E), by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

(4) in subparagraph (F), by striking "in subparagraph (A), (B), or (C)" and inserting instead "in clause (i), (ii), or (iii)";

(5) by redesignating subparagraphs (A) through (G) as clauses (i) through (vii), respectively;

(6) by striking "thereto, but for purposes of this subsection" and inserting instead the following:

"thereto, subject to the limitations and requirements of subparagraphs (A) and (B).

"(A)(i) No bank holding company may engage in any activity or acquire ownership or control of the shares of a company pursuant to this paragraph, without providing the Board with at least 45 days prior written notice of the proposed transaction or expansion.

"(ii) The notice submitted to the Board shall contain such information as the Board shall prescribe by regulation or by specific request in connection with a particular notice. The Board may only require such information as may be relevant to the nature and scope of the proposed transaction and to the Board's evaluation of the criteria provided for in clause (iv).

"(iii)(I) A notice filed under this subparagraph shall be deemed to be approved by the Board unless, prior to the expiration of 45 days from the receipt of a complete notice, the Board issues an order setting forth the reasons for disapproval. The Board may extend the 45-day period for an additional 30 days.

"(II) Any proposal may proceed prior to the expiration of the disapproval period if the Board issues a written notice of approval. The Board may provide for no notice under this subparagraph or notice for a shorter period of time with respect to particular activities or transactions.

"(III) In the case of any proposal to engage in, or acquire or retain ownership or control of shares of any company engaged in, any activity pursuant to this paragraph that has not been previously approved by order or regulation, the Board may extend the notice period under this subparagraph for an additional 90 days.

"(iv) In connection with a notice under this subparagraph, the Board may consider the following criteria:

"(I) The managerial resources of the companies involved;

"(II) The adequacy of their financial resources, including their capital, giving consideration to the financial resources and capital of others engaged in similar activities;

"(III) Any material adverse effect on the safety and soundness of financial condition of an affiliated bank or insured institution; and

"(IV) Whether performance of an activity by a bank holding company or a subsidiary of such company can reasonably be expected to produce benefits to the public, such a greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices; and

"(B) For purposes of this subsection"; and

(7) by striking the second sentence.

(b) Section 4(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)) is amended by striking the last two sentences.

SEC. 244. REDUCTION OF POST-APPROVAL WAITING PERIOD FOR BANK HOLDING COMPANY ACQUISITIONS.

Section 11(b)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1849(b)(1)) is amended by adding before the period at the end of the fourth sentence "or such shorter period of time as may be prescribed by the Board with the concurrence of the Attorney General, but in no event less than 5 days.".

SEC. 245. REDUCTION OF POST-APPROVAL WAITING PERIOD FOR BANK MERGERS.

Section 18(c)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)(6)) is amended by inserting before the period at the end of the last sentence "or such shorter period of time a may be prescribed by the agency with the concurrence of the Attorney General, but in no event less than 5 days.".

STATEMENT BY THE PRESIDENT

Today I will submit to the Congress the "Credit Availability and Regulatory Relief Act of 1992," an important initiative to enhance the availability of credit in the economy by reducing excessive regulatory burdens on banks, thrifts, and credit unions. It builds on the administrative steps taken over the last 18 months to address the credit crunch and create a more balanced regulatory environment.

The reform of antiquated or misguided regulations governing financial institutions has long been a cornerstone of this Administration's economic policy. In March of last year, as a key component of my domestic program, we proposed a comprehensive bill to modernize the financial system, which addressed the fundamental causes of declining competitiveness of our nation's banks. The Congress rejected these proposals and substituted instead yet more layers of regulation and further restrictions on the operations of depository institutions.

Last year's misguided congressional action was simply the latest in a long series of such efforts: over the last 10 years, the Congress has enacted hundreds of statutory provisions governing every conceivable element of the banking business, from the education of real estate appraisers to the proper system of credit scoring. This regulatory micromanagement has encumbered the financial system with a host of unnecessary costs—costs that are inevitably passed on to borrowers in the form of restricted credit and higher-priced loans. As a result, the regulatory restrictions on our Nation's financial intermediaries have now reached a level that creates unacceptable obstacles for economic growth.

The legislation proposed today would reduce or eliminate a wide range of these excessive regulatory burdens without modifying any of the fundamental safety and soundness protections of current law. At a time when the availability of credit is of particular importance to the economy, we cannot let costly Government directives continue to weigh down the consumer and business lending that will fuel economic recovery.

I urge the Congress to move swiftly to pass this important legislation, but the passage of this bill is not the end of reform. Until our proposals to resolve the fundamental problems of the financial system have finally been addressed, our efforts to promote bank reform must continue.

CREDIT AVAILABILITY AND REGULATORY RELIEF ACT OF 1992 ("CARRA") SECTION-BY-SECTION ANALYSIS

TITLE I—SUPERVISORY REFORMS

Section 101. Reduction of examination costs

This section amends Section 111 of FDICIA by expanding the appropriate Federal banking agencies' discretion to use state examinations as substitutes for Federal examinations, if the state examinations are adequate. Examinations by state authorities could serve as substitutes for Federal examinations in each 12-month period rather than only in alternate 12-month periods as provided for in FDICIA.

This section would also reduce duplicative examinations by giving the appropriate Federal bank regulatory agencies the discretion to exempt from Federal examinations insured depository institutions within depository institution holding companies if two conditions are met. First, in order to qualify for the exemption insured depository institution subsidiaries (which must have 80% or more of the banking assets of the holding company) must have been examined. Second, the agency must be satisfied that the holding company has adequate internal controls and examination procedures.

Section 102. Audit costs

This section eliminates subsections (c) and (e) of Section 112 of FDICIA. As a result, insured depository institutions would not be required to obtain attestations of their independent public accountants with respect to: (1) management's claims concerning the adequacy of internal control structures and (2) the institution's compliance with Federal banking laws and regulations.

All insured depository institution subsidiaries of holding companies would be relieved of duplicative audit requirements whenever comparable audit requirements exist at the holding company level.

The independent audit committees of insured depository institutions with total assets of one billion dollars or less would be required to consist of a majority of outside directors (rather than all outside directors, as would be the case for institutions with total assets greater than one billion dollars). This section requires the appropriate Federal banking agencies to exempt certain institutions that may face hardship in retaining competent outside directors on their audit committees as a result of the membership criteria imposed by FDICIA. The appropriate Federal banking agencies also would have authority to designate as "nonpublic" certain information in the annual reports filed by depository institutions. The section also requires the FDIC to notify large institutions if it has determined that the quarterly reports of an institution must be reviewed by its independent public accountant.

Section 103. Reporting burdens; study of small business lending

This section repeals Section 122 of FDICIA, thereby reducing the burden on institutions of providing annual reports on the availability of credit to small businesses and small farms. This section also relieves the Federal Reserve Board of its obligation to compile this information on an annual basis by repealing Section 477 of FDICIA.

Instead, this section requires the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Director of the Office of Thrift Supervision, and the Small Business Administration to conduct jointly a study of the method or methods of obtaining such information as it is necessary to assess the availability of credit to small businesses, including minority-owned small businesses and small farms. The study may include a survey of existing information to assess such credit availability. The study must be completed within 1 year of the date of enactment of CARRA.

Section 104. Regulatory standards and uniformity

This section eliminates the FDICIA requirement that the appropriate Federal banking agencies prescribe operations and managerial standards, asset quality, earnings, stock valuation standards, and compensation standards for insured depository institutions and their holding companies.

This section also requires the appropriate Federal banking agencies to review and, to the extent not required by other applicable law or by reason of a compelling public interest, adopt uniform regulations. The agencies are required to adopt the uniform regulations within two years of the date of enactment of CARRA.

Section 105. Branch closures

Section 228 of FDICIA requires insured depository institutions to provide the appropriate Federal banking agencies and customers of the institutions with advance notification of branch closings. This provision could be interpreted in a manner that could lead to the application of the notice requirement to situations not intended to be covered. For example, the provision could be read to apply to the closing of an ATM or to the closing of branches acquired in an acquisition that are located in the same market area as locations of the acquiring institution. Such closings should not trigger the notice provisions in current law. Moreover, the notice provisions should not apply to situations in which a branch is moved to another location in the same local market area that would continue to serve substantially all of the customers currently served by the branch to be closed. The notice provisions also should not apply to a branch closed in connection with (1) the acquisition of a failed institution, (2) the provision of assistance to an institution by the FDIC, or (3) the resolution of an institution in default or in danger of default. This section clarifies the application of Section 228 of FDICIA by removing these types of branch closings from the notice requirements.

Section 106. Aggregate limits on insider lending

This section amends Section 306 of FDICIA, which establishes an overall cap on the amount an insured depository institution can lend to insiders or their related parties. Pursuant to this cap, insured depository institutions can lend no more than an amount equal to 100 percent of the sum of the institution's unimpaired capital and unimpaired surplus. The effect of this cap is particularly burdensome on small banks. Such banks may be forced either to reduce their lending relationship with their directors or to place other individuals on the board of directors, which could result in the institutions losing the business expertise of those who are replaced. This could be a particular problem in small communities where

a director may not have alternative sources of credit.

To remedy this problem, this section provides relief from the overall cap in certain situations. First, this section permits insured depository institutions to exclude from the calculation of the overall cap on loans to insiders any insider loans that meet the exceptions from the loan to one borrower provisions. Second, this section provides that all banks with less than $100 million in deposits may lend in the aggregate to all insiders an amount up to 200 percent of the sum of unimpaired capital and surplus. Third, it grants the Federal Reserve Board the discretion to grant similar exceptions from the overall cap where the exceptions are important to help avoid constricting the availability of credit or necessary to attract directors.

The section also amends two definitions. First, it grants the Federal Reserve Board's authority to prescribe, by regulation, exceptions to the term "extension of credit." The Federal Reserve Board must find that any exceptions it adopts to the term "extension of credit" are consistent with prudent, safe, and sound banking practices.

Second, the term "principal shareholder" is revised to clarify that it does not include a bank or thrift holding company (including those holding companies that are insured depository institutions). Transactions between a bank or thrift and their affiliates are regulated by Section 23A of the Federal Reserve Act. Consequently, applying the insider lending provisions to such transactions is unnecessary.

Section 107. Interbank liabilities

Section 308 of FDICIA directs the Federal Reserve Board to prescribe standards that limit interbank risk exposure. Regulators retain broad regulatory powers under current law to protect against risk exposure. Safety and soundness is further safeguarded by the FDICIA requirement of annual examinations. For these reasons, the requirement of specific standards on interbank risk is unnecessary. Therefore, this section would repeal that section of the law which requires regulators to prescribe standards which limit interbank risk exposure.

Section 108. Assessment base for deposit insurance premiums

Under current law, each insured depository institution's assessment base is computed by taking the average of the institution's domestic deposits as reported in its two most recent call reports. This average is presented in a Certified Statement to the FDIC, and each institution's deposit insurance assessment is based on the figures shown in its Certified Statement.

Institutions often discover errors in their call reports, however, and file corrections in the following months. Nonetheless, they pay their deposit insurance assessments based on the uncorrected figures as those figures appear in their Certified Statements. Later on, when corrections are made, the institutions must adjust their assessments (and their Certified Statements as well.)

In order to improve the quality of information available to the FDIC for calculating deposit insurance assessments, section 108 authorizes the FDIC to "ratchet back" the assessment base calculation by one quarter. In other words, instead of having to base assessments on the most recent and next-to-last call reports (as under current law), the FDIC will base them on the next-to-last call report and the one immediately prior to it (i.e. one quarter earlier than under current law.)

Section 109. Real estate appraisal amendment

This section establishes a minimum statutory threshold level of $100,000 or less, below which real estate appraisals conducted by State certified or State licensed appraisers are not required for real estate-related financial transactions that a Federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates. The section provides for an automatic increase of the threshold pegged to the Consumer Price Index. To ensure that the Federal financial institutions regulatory agencies and the RTC have the flexibility to adapt to changed circumstances, however, the amendment provides the agencies with the ability to raise that minimum level as they determine to be in the public interest. The amendment gives the regulators discretion to require appraisals for transactions of $100,000 or less if the regulator deems such appraisals necessary for supervisory purposes regarding a particular institution. This "supervisory purposes" exemption applies only to particular institutions upon agency determination and is not intended to be administered by regulation.

The section also amends Section 1119(a) of FIRREA by adding a provision that would prohibit states from requiring that appraisals for real estate-related financial transactions that a Federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates be conducted by State certified or State licensed appraisers. In effect, this would prevent states from requiring appraisals for Federally related transactions that fall below any minimum thresholds established by this section.

Section 110. Community Reinvestment Act amendments

This section provides relief for regulated financial institutions from the burdens imposed by the Community Reinvestment Act if the institutions in fact are meeting the credit needs of their communities. This section does this by providing a self-certification process by a modified reporting system for small rural institutions (defined as institutions with assets under $100 million in localities with populations of 20,000 or less that are outside metropolitan statistical areas) that have shown a previous record of compliance with the CRA. Institutions that utilize this system would still be required to meet the credit needs of their local community, but would not have to comply with the burdensome documentation requirements currently attendant to CRA compliance. The section also creates a "safe harbor" for institutions are that rated "outstanding" under the CRA.

In addition to these amendments, this section also prohibits the appropriate Federal financial supervisory agencies from requiring geographic analysis of loans or deposits because such data is essentially redundant to information currently required to be reported under HMDA. In addition, this section eliminates redundant CRA examinations in states that have reporting requirements similar to CRA requirements. In assessing an institution's CRA compliance, this section permits the appropriate Federal financial supervisory agency to take into account any loans made by the institution to distressed communities that are outside of the community in which this institution is located. This section permits special purpose banks, e.g., credit card banks, to comply with CRA in a manner that reflects the nature of their businesses. The special focus of these banks makes it appropriate that nontraditional ways be developed for them to comply with community reinvestment requirements. Finally, it removes the requirement that an agency must discuss the "data" supporting its conclusions on a bank's CRA rating in the publicly disclosed section of the CRA report.

Section 111. Application information

This section is intended to reduce the burden of duplicative filings placed on depository institutions. This section amends Section 5(a) of the Federal Deposit Insurance Act to permit depository institutions to fulfill some of the information requirements of applying to the FDIC for deposit insurance by appending to the application information the depository institution provided to its appropriate Federal banking agency. The amendment also requires the appropriate Federal banking agencies to coordinate their application requirements to prevent unnecessary duplication in applications.

Section 112. Data collection burdens

This section amends the Federal Deposit Insurance Act by adding a provision that would require the FDIC to minimize the regulatory burden imposed by its reporting and other requirements.

Section 113. Interest rate restrictions

This section removes certain restrictions on the interest rates payable on deposits by insured depository institutions that are adequately capitalized. In-house, salaried employees of such insured depository institutions would be able to solicit "wholesale deposits" by offering rates of interest which are higher than the rates of interest offered by the institution's competitors. The FDIC is authorized to define "wholesale deposits" for the purposes of this section.

Section 114. Depository institutions lacking Federal Deposit insurance

This section repeals Section 151 of FDICIA, which relates to private deposit insurers and depository institutions lacking Federal deposit insurance. This section eliminates ambiguous and unnecessarily burdensome provisions of Section 151 and replaces them with provisions requiring a study of the measures necessary to ensure that the public receives adequate disclosure regarding institutions that lack deposit insurance, including a study of the imposition of audit requirements on private deposit insurers.

Section 115. Effective dates

This section delays the effective date of various sections of FDICIA. FDICIA imposed significant new regulatory burdens on the banking and thrift industries that will require careful consideration in their implementation, including considerations of uniformity, by the appropriate Federal banking agencies.

Subsection (a) delays by an additional year the effective date of the provisions contained in Section 112 of FDICIA. Section 112 of FDICIA imposes a number of reporting and internal control requirements on institutions, including the requirement to file annual reports on financial condition and management with the appropriate Federal banking agencies and to have independent audits.

Subsection (b) delays the effective date of Section 131 of FDICIA, which contains the prompt regulatory action provisions, from one year after the date of enactment of FDICIA to two years. In addition, it extends the deadline for the promulgation of regulations from 9 months to 18 months after the date of enactment of FDICIA and the effective date of such regulations from 1 year to 2 years after the date of enactment of FDICIA.

Subsection (c) extends from 9 months to 18 months after the date of enactment of FDICIA the time period within which the Federal Reserve Board must prescribe regulations implementing the Truth in Savings Act. It also provides that such regulations can take effect no earlier than 2 years from the date of enactment of FDICIA.

Subsection (d) delays the applicability of Section 301 of FDICIA, concerning brookered deposits and deposit brokers, one year and 180 days from the date of enactment of FDICIA. In addition, it extends the time period within which the FDIC must promulgate final regulations from 150 days to 1 year and 150 days after the date of enactment of FDICIA. It also extends the deadline for effectiveness of those regulations from 180 days to 1 year and 180 days after the date of enactment of FDICIA.

Because these provisions and the FDIC's regulations were already effective, Section 301 is amended further to include a provision that relieves institutions and deposit brokers from liability for failure to comply with the requirements of that section during the period prior to the new effective date.

Subsection (e) amends Section 304 of FDICIA, which requires the appropriate Federal banking agencies to adopt regulations relating to real estate lending, to provide that the regulations can become effective no earlier than 2 years and 3 months after the date of enactment of FDICIA, or March 19, 1994.

Subsection (f) delays the effective date of the amendments made by Section 306 of FDICIA, which relate to insider lending. The effective date is delayed until December 19, 1992. Because the amendments made by Section 306 are already effective, Section 306 is amended further to include a provision that relieves a member bank from liability for failure to comply with the requirements of the amendments made by that section in the period prior to the new effective date.

Subsection (g) extends by one year the date by which the appropriate Federal banking agencies must review their accounting principles and modify them to be consistent with generally accepted accounting principles, take into account off balance sheet items in financial statements and call reports, and develop a method for disclosure of the fair market values of assets and liabilities.

Section 116. Acceleration of the sister thrift exception effective date

This section permits savings associations to engage in those affiliate transactions permitted for banks under Sections 23A(d)(1) and 23B of the Federal Reserve Act (12 U.S.C. 371c(d)(1) and 371c-1) as of January 1, 1993. This accelerates the effective date of the application to thrifts of the "sister bank" exception therein by two years.

TITLE II—NON-SUPERVISORY REFORMS

Subtitle A—Expedited Funds Availability and Electronic Transfers

Section 201. Availability schedules

This section eliminates next-day availability for certain checks deposited at ATMs. Specifically, checks drawn on and deposited in the same depository institution need not be available for withdrawal on the business day after the business day on which such funds are deposited if they are deposited at an ATM.

Section 202. Definition of a new account

This section extends the period of new account safeguard exceptions to the Expedited Funds Availability Act from the current 30 days after an account is opened to 90 days.

Section 203. Authority to establish rules regarding payment system losses and liabilities

This section authorizes the Federal Reserve Board to impose liability and allocate the risk of loss to all entities participating in the payment system (including states and their subdivisions on which checks are drawn) in the same way the Board currently does with respect to depository institutions.

Subtitle B—Amendments to the Truth in Lending Act

Section 211. Exemption for certain borrowers

This section exempts from the Truth in Lending Act credit transactions involving "sophisticated" borrowers, i.e., persons who have had individual income of more than $200,000 in each of the previous two calendar years or who have a net worth (or joint net worth with a spouse) in excess of $1 million. This section also limits civil liability to damages actually suffered by prohibiting the recovery of punitive damages.

Subtitle C—Homeownership Amendments

Section 221. Estimates of real estate settlement costs

This section amends Section 5(d) of the Real Estate Settlement Procedures Act (RESPA). The amendment would reduce unnecessary mailing and printing costs by exempting lenders from having to mail RESPA-mandated information booklets to loan applicants if the loan application is rejected within three days.

Section 222. Home mortgage disclosure act exemption

This section indexes the asset size of depository institutions exempt from the Home Mortgage Disclosure Act to increases in the Consumer Price Index.

Section 223. Adjustable rate mortgage caps

Existing law requires adjustable rate mortgages to include a cap on the maximum interest rate that may be payable on a loan. This section would amend this provision to clarify that the cap applies only to consumer mortgages.

Section 224. Elimination of duplicative data collection

This section prohibits Federal banking agencies and the National Credit Union Administration from requiring the institutions they regulate to prepare, file, and maintain data to fulfill the requirements of the Fair Housing Act if the collection of such data is required under the Home Mortgage Disclosure Act of 1975.

Subtitle D—Amendments to the Truth in Savings Act

Section 231. Advertisements

This section amends Section 263(b) of the Truth in Savings Act, which places certain disclosure requirements on depository institutions with respect to advertisements, notice boards, and on-premises displays. The amendment gives the Federal Reserve Board discretion to create exceptions to these requirements where they are unnecessarily burdensome. This section gives the Board discretion to exempt, by regulation, interest rate notice boards located on the premises from the FDICIA-imposed requirement that they state, in addition to numerous other statement requirements: (1) that regular fees or other conditions could reduce yield and (2) the minimum initial deposit in addition to the minimum balance necessary to earn the advertised yield if the former is greater. This section does not permit the Board to include in this possible exemption advertising displays located in the facility. This section does, however, exempt advertisements, announcements, and solicitations made by any broadcast or electronic medium or outdoor advertising display from the highly burdensome requirements mentioned above.

Section 232. Disclosure requirements for certain accounts

This section authorizes the Federal Reserve Board to modify any of the disclosure requirements of the Truth in Savings Act with respect to accounts for which the determination of annual percentage yield is based on an annual rate of interest that is guaranteed for a period of less than one year, variable rate accounts, accounts that do not guarantee payment of a stated rate, multiple rate accounts, and accounts for which determination of the annual yield is based on an annual rate of interest that is guaranteed for a stated term.

Section 233. Variable rate account

This section would amend Sections 266(c) and 274 of FDICIA by eliminating the 30-day notice requirement to holders of variable rate accounts. It also excludes from the definition of "variable rate account" accounts in which the institution has promised to give the account holder at least 30 days advance written notice of rate changes.

Section 234. Civil liability

This section amends Section 271 of the Truth in Savings Act to provide that account holders may recover only actual damages that they suffered as a result of a depository institution's failure to comply with any of the requirements of that Act. Permitting punitive damages in such cases is unnecessary because the Federal banking agencies have sufficient authority to ensure that depository institutions comply with the requirements of the Truth in Savings Act. This section also provides that actual damages may be offset by any errors of overpayment or undercharging by the Institution that may be incident to a violation of the Truth in Savings Act.

Subtitle E—Expedited Procedures for Forming a Bank Holding Company

Section 241. Expedited procedures for forming a bank holding company

This section permits reorganizations of banks into holding companies without obtaining the prior approval of the Federal Reserve Board if (1) immediately following the reorganization, the bank's shareholders will have substantially the same proportional share interest in the holding company as they had in the bank, (2) the holding company engages only in managing and controlling banks, (3) the holding company provides 30 days prior written notice to the board, and (4) the Board does not disapprove the reorganization within the 30-day period.

Section 242. Exemption of certain holding company formations from registration under the Securities Act of 1933

This section adds an exemption under Section 4 of the Securities Act of 1933 for the reorganization of a bank into a bank holding company. The exemption provides that the interests of the securities holders in the new holding company must be in substantially the same proportion as their interest in the bank and that the newly-formed holding company has substantially the same assets and liabilities as the bank had immediately prior to the reorganization.

Section 243. Expedited procedures for bank holding companies to seek approval to engage in nonbanking activities

Section 243 establishes a new expedited procedure for bank holding companies to en-

gage in nonbanking activities. Such companies must give at least 45 days notice to the Federal Reserve Board before engaging in, or acquiring ownership or control of the shares of a company engaged in nonbanking activities under Section 4(c)(8) of the Bank Holding Company Act.

The Board must define, by regulation or on a case-by-case basis, the contents of the notice. Only information relevant to the nature and scope of the proposed transaction or activity and to certain specified valuation criteria may be requested by the Board.

The Board may disapprove an activity or transaction by issuing an order to the holding company setting forth the reasons for disapproval before the end of 45 days following receipt of the notice. The 45-day period may be extended for an additional 30 days. A holding company may immediately engage in an activity or proceed with a transaction if it receives written notification of approval from the Board. With respect to particular activities, the Board may eliminate the notice requirement or shorten the notice period. With respect to a proposal to engage in a nonbanking activity under section 4(c)(8) not previously approved by order or regulation, the Board may extend the notice period for an additional 90 days.

In considering a notice under this paragraph, the Board must generally evaluate the proposal using the following criteria: managerial resources, financial resources, including capital; any material adverse effect on the safety and soundness or financial condition of an affiliated bank or thrift; and, as to the nonbanking activity, whether there is reasonable expectation that the public benefits will outweigh possible adverse effects.

Sections 244 and 245. Reduction of post-approval waiting period for bank holding company acquisitions and bank mergers

Section 244 amends section 11(b)(1) of the Bank Holding Company Act and Section 245 amends Section 18(c)(6) of the Federal Deposit Insurance Act to permit, with the concurrence of the Attorney General, reduction of the thirty-day post certification approval waiting period to not less than 5 days.●

By Mr. METZENBAUM:

S. 2968. A bill to amend the Federal Food, Drug, and Cosmetic Act to prevent misleading advertising of the health benefits of foods; to the Committee on Labor and Human Resources.

NUTRITION ADVERTISING COORDINATION ACT

Mr. METZENBAUM. The Nutrition Advertising Coordination Act of 1991, S. 2968, amends the Federal Food, Drug, and Cosmetic Act to grant the Food and Drug Administration [FED] expanded jurisdiction to prevent false and misleading nutrition and health claims in food advertising. The FDA already has the authority to control the use of false and misleading claims in food labeling. The purpose of this bill is to ensure that consumers receive consistent and reliable nutritional information from food labeling as well as food advertising.

For years, the Surgeon General and numerous health organizations have urged Americans to improve their diets in order to reduce the risk of heart attacks, cancer, and other diet-related diseases. During the 1980's, members of the food industry began taking advantage of the public's concern by bombarding consumers with false and misleading claims about food and nutrition. In response to this problem, Congress overwhelmingly approved the Nutrition Labeling and Education act of 1990 [NLEA], which requires the FDA to regulate nutrition and health claims.

Recognizing the importance of a uniform Federal policy in this area, Agriculture Secretary Madigan, whose Department is responsible for the labeling of meat and poultry products, announced that the USDA would follow the same nutrition labeling rules as the FDA. Despite the obvious differences in jurisdiction and authority between the USDA and the FDA, Secretary Madigan understood the importance of ensuring that processed food, meat and poultry all have the same nutrition and health labeling.

Unfortunately, the Federal Trade Commission [FTC], which has jurisdiction over food advertising, has not followed the USDA's lead. While the FTC repeatedly states that it is working closely with the FDA to harmonize advertising and labeling policies, several recent FTC enforcement actions indicate otherwise. The bottom line is that the FTC allows food companies to make nutrition and health claims in ads that both the FDA and USDA believe are misleading and hence would prohibit on labels.

For example, the FTC permits health claims for products that have significant nutritional drawbacks. Under a proposed FTC settlement agreement with Campbell Soup, the company would make a "heart healthy" claim for soups that are low in fat and cholesterol even though they are extremely high in sodium. The NLEA would prohibit such claims on labels because the high sodium content of this product makes it unhealthy for several reasons.

The FTC's policy on nutrition claims also undermines the congressional intent of the NLEA. A primary purpose of the act was to create a limited number of standardized nutrition terms that consumers could learn to depend on. The FTC has failed to take enforcement action against numerous companies that are currently misusing such well-defined terms as "low sodium" or "lean" in food advertising. In addition, the FTC has not indicated that it will prevent companies from using nutrient terms not permitted under the NLEA. The use of an endless number of other nutrient terms, limited only by the creativity of Madison Avenue advertising executives, will only serve to mislead health conscience consumers.

Legislation granting the FDA explicit jurisdiction over health and nutrition claims in advertising is necessary to remedy these problems. In March, the FDA denied a petition requesting that the FDA renegotiate the 1954 agreement between it and the FTC under which the FDA agreed that the FTC would regulate advertising. The petition requested that the FDA take back its authority over food advertising or require the FTC to bring its policies into line with FDA's. The FDA rejected the petition, stating that "Only Congressional action can move FTC authority to FDA".

S. 2968 would do just that by building upon the current authority of the FDA to approve drugs and regulate the advertisements for prescription drugs. The FDA's scientists, nutritionists and other experts are clearly qualified to evaluate the validity of nutrition and health claims in advertising.

Applying the same standards to nutrition claims in advertising and labeling would also help to create a level playing field for competing food companies. A company that spends time and money to develop a product and label that meets the FDA nutrition claims labeling standard of "low in fat" should not be undermined by a competitor that advertises its product as "low in fat" even though the product does not meet the FDA's scientific standard for labeling claims.

The FDA has estimated that the new labeling regulations will reduce the incidence of cancer and heart disease by more than 39,000 cases over the next 20 years. The FTC's policies on food advertising must not be permitted to undermine these important benefits. The Nutrition Advertising Coordination Act of 1991, will help ensure that the benefits of nutrition labeling are enhanced and not diminished.

By Mr. KENNEDY (for himself, Mr. HATCH, Mr. METZENBAUM, Mr. GARN, Mr. ADAMS, Mr. HATFIELD, Mr. BURDICK, Mrs. KASSEBAUM, Mr. GRAHAM, Mr. PACKWOOD, Mr. HARKIN, Mr. SPECTER, Mr. INOUYE, Mr. LAUTENBERG, Mr. LEVIN, Mr. LIEBERMAN, Mr. PELL, Mr. RIEGLE, Mr. WELLSTONE, and Mr. WIRTH):

S. 2969. A bill to protect the free exercise of religion; to the Committee on the Judiciary.

RELIGIOUS FREEDOM RESTORATION ACT

Mr. KENNEDY. Mr. President, today, along with Senator HATCH and many of our colleagues on both sides of the aisle, I am introducing the Religious Freedom Restoration Act of 1992.

The Supreme Court's 1990 decision in Oregon Employment Division versus Smith was a rare, serious, and unwarranted setback for the first amendment's guarantee of freedom of religion. Before the Smith decision, actions by Federal, State, or local governments that interfered with individuals' ability to practice their religion were prohibited, unless the restriction met a stringent two-part test—first,

that it was necessary to achieve a compelling governmental interest; and second, that there was no less burdensome way to accomplish the goal.

The compelling interest test had been the legal standard protecting the free exercise of religion for nearly thirty years. Yet, in one fell swoop, the Court, in the Smith case, overruled that test and declared that there is no special constitutional protection for religious liberty, as long as the law in question is neutral on its face as to religion and is a law of general application.

Under Smith, a government no longer has to justify burdens on the free exercise of religion, as long as these burdens are "merely the incidental effect of a generally applicable and otherwise valid provision."

As Justice Sandra Day O'Connor wrote of the majority's ruling, in her eloquent and forceful opinion concurring in the judgment, "today's holding dramatically departs from well-settled first amendment jurisprudence, appears unnecessary to resolve the question presented, and is incompatible with our Nation's fundamental commitment to individual religious liberty."

The Religious Freedom Restoration Act we are introducing today restores the compelling interest standard for evaluating free exercise claims. It does so by establishing a statutory right that adopts the standards previously used by the Supreme Court. In essence, the act codifies the requirement for the Government to demonstrate that any law burdening the free exercise of religion is essential to furthering a compelling governmental interest, and is the least restrictive means of achieving that interest.

The act creates no new rights for any religious practice or for any potential litigant. Not every free exercise claim will prevail. It simply restores the long-established standard of review that had worked well for many years, and that requires courts to weigh free exercise claims against the compelling-state-interest standard.

Few issues are more fundamental to our country. America was founded as a land of religious freedom and a haven from religious persecution. Two centuries later, that founding principle is suddenly in danger. Religious liberty is damaged each day the Smith decision stands. Since Smith, more than 50 cases have been decided against religious claimants, and harmful rulings are likely to continue.

Because of this clear and present threat to religious freedom, numerous organizations with widely divergent views strongly support this legislation including the American Civil Liberties Union, the American Jewish Committee, the Baptist Joint Committee, the Christian Legal Society, the Church of Jesus Christ of Latter-day Saints, Coalitions for America, Concerned Women for America, the Episcopal Church, the Home School Legal Defense Association, the National Association of Evangelicals, the National Council of Churches, People for the American Way, and the Southern Baptist Convention.

I look forward to working with Senator HATCH and other interested Senators to enact this important legislation to preserve religious liberty. I ask unanimous consent that the text of the bill and a section-by-section analysis may be printed in the RECORD.

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

S. 2969

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Religious Freedom Restoration Act of 1992".

SEC. 2. CONGRESSIONAL FINDINGS AND DECLARATION OF PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the Framers of the Constitution, recognizing free exercise of religion as an unalienable right, secured its protection in the First Amendment to the Constitution;

(2) laws "neutral" toward religion may burden religious exercise as surely as laws intended to interfere with religious exercise;

(3) governments should not burden religious exercise without compelling justification;

(4) in Employment Division v. Smith, 494 U.S. 872 (1990) the Supreme Court virtually eliminated the requirement that the government justify burdens on religious exercise imposed by laws neutral toward religion; and

(5) the compelling interest test as set forth in Sherbert v. Verner, 374 U.S. 398 (1963) and Wisconsin v. Yoder, 406 U.S. 205 (1972) is a workable test for striking sensible balances between religious liberty and competing governmental interests.

(b) PURPOSES.—The purposes of this Act are—

(1) to restore the compelling interest test as set forth in Sherbert v. Verner and Wisconsin v. Yoder and to guarantee its application in all cases where free exercise of religion is burdened; and

(2) to provide a claim or defense to persons whose religious exercise is burdened by government.

SEC. 3. FREE EXERCISE OF RELIGION PROTECTED.

(a) IN GENERAL.—Government shall not burden a person's exercise of religion even if the burden results from a rule of general applicability, except as provided in subsection (b).

(b) EXCEPTION.—Government may burden a person's exercise of religion only if it demonstrates that application of the burden to the person—

(1) is essential to further a compelling governmental interest; and

(2) is the least restrictive means of furthering that compelling governmental interest.

(c) JUDICIAL RELIEF.—A person whose religious exercise has been burdened in violation of this section may assert that violation as a claim or defense in a judicial proceeding and obtain appropriate relief against a government. Standing to assert a claim or defense under this section shall be governed by the general rules of standing under article III of the Constitution.

SEC. 4. ATTORNEYS FEES.

(a) JUDICIAL PROCEEDINGS.—Section 722 of the Revised Statutes (42 U.S.C. 1988) is amended by inserting "the Religious Freedom Restoration Act of 1992," before "or title VI of the Civil Rights Act of 1964".

(b) ADMINISTRATIVE PROCEEDINGS.—Section 504(b)(1)(C) of title 5, United States Code, is amended—

(1) by striking "and" at the end of clause (ii);

(2) by striking the semicolon at the end of clause (iii) and inserting ", and"; and

(3) by inserting "(iv) the Religious Freedom Restoration Act of 1992;" after clause (iii).

SEC. 5. DEFINITIONS.

As used in this Act—

(1) the term "government" includes a branch, department, agency, instrumentality, and official (or other person acting under color of law) of the United States, a State, or a subdivision of a State;

(2) the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and each territory and possession of the United States; and

(3) the term "demonstrates" means meets the burdens of going forward with the evidence and of persuasion.

SEC. 6. APPLICABILITY.

(1) IN GENERAL.—This Act applies to all Federal and State law, and the implementation of that law, whether statutory or otherwise, and whether adopted before or after the enactment of this Act.

(b) RULE OF CONSTRUCTION.—Federal law adopted after the date of the enactment of this Act is subject to this Act unless such law explicitly excludes such application by reference to this Act.

(c) RELIGIOUS BELIEF UNAFFECTED.—Nothing in this Act shall be construed to authorize any government to burden any religious belief.

SEC. 7. ESTABLISHMENT CLAUSE UNAFFECTED.

Nothing in this Act shall be construed to affect, interpret, or in any way address that portion of the First Amendment prohibiting laws respecting the establishment of religion.

SECTION-BY-SECTION ANALYSIS

SECTION 1

This section provides that the title of the Act is the Religious Freedom Restoration Act of 1992.

SECTION 2

In this section, Congress finds that the framers of the Constitution recognized that religious liberty is an inalienable right, protected by the First Amendment, and that government laws may burden that liberty even if they are neutral on their face. Congress also determines that the Supreme Court's decision in Employment Division v. Smith eliminated the compelling interest test for evaluating free exercise claims previously set forth in Sherbert v. Verner and Wisconsin v. Yoder, and that it is necessary to restore that test to preserve religious freedom. The section recites that the Act is intended to restore the compelling interest test and to guarantee its application in all cases where the free exercise of religion is burdened.

SECTION 3

This section codifies the compelling interest test as the Supreme Court had enunciated it and applied it prior to the Smith

decision. The bill permits government to burden the exercise of religion only if it demonstrates a compelling state interest and that the burden in question is the least restrictive means of furthering the interest.

SECTION 4

This section amends attorneys fees statutes to permit a prevailing plaintiff to recover attorneys fees in the same manner as prevailing plaintiffs with other kinds of civil rights or constitutional claims.

SECTION 5

This section defines the terms "government", "State", and "demonstrates". "Government" includes any agency, instrumentality or official of the United States, any State or any subdivision of a State. "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and every territory and possession of the United States. "Demonstrates" means to meet the burden of production and persuasion."

SECTION 6

This section states that the Act applies to all existing state and federal laws, and to all such laws enacted in the future. It also clarifies that the authority it confers on the government should not be construed to permit any government to burden any religious belief.

SECTION 7

This section makes it clear that the legislation does not alter the law for determining claims made under the Establishment Clause of the first amendment.

Mr. HATCH. Mr. President, I am pleased today to introduce, along with Senator KENNEDY and others, the Religious Freedom Restoration Act [RFRA] of 1992. This legislation responds to the Supreme Court's April 17, 1990, decision in *Employment Division* v. *Smith*, 494 U.S. 872 (1990). There, the Supreme Court indicated that "an individual's religious beliefs [do not] excuse him from compliance with an otherwise valid law prohibiting conduct that the State is free to regulate." 494 U.S. at 878. This is the lowest level of protection the Court could have afforded religious conduct.

In my view, this standard does not sufficiently protect a person's first amendment right to the "free exercise" of religion. Freedom of religious practice is the first freedom mentioned in the Bill of Rights. It deserves stronger protection than the Supreme Court has given it in Smith. I will mention just two examples that illustrate the concern engendered by this decision. If a State has a legal drinking age of 21, it would be illegal for anyone under that age to use sacramental wine in taking communion in that State. A Jewish student in a public school who wishes to wear a yarmulke in class can be forced to remove it pursuant to a general rule against headwear in class. I believe the free exercise of religion needs protection, even when legislative majorities are unresponsive to religious liberty concerns in a particular instance. I do not believe that a person's right to take communion or wear a yarmulke in a public school should turn on the whim of legislative majorities.

A tough standard is necessary to protect religious liberty. This bill imposes a compelling interest test on State and Federal Governments when a governmental rule or law burdens someone's free exercise of religion.

I fully expect that the Judiciary Committee will conduct hearings on this bill this year. These hearings might reveal ways this bill can be improved or refined, in a manner acceptable to those of us who are deeply concerned about protecting religious liberty. It is clear to me that a legislative response to the Smith decision is important for the preservation of the full range of religious freedom the first amendment guarantees to the American people, especially for those whose religious beliefs and practices differ from the majority in a State or in the country. I am dedicated to enacting this legislation this year.

I believe it is imperative for Congress to act expeditiously in response to the Smith decision, and I look forward to working with the distinguished chairman of the Judiciary Committee, Senator BIDEN, in achieving this result.

Mr. HATFIELD. Mr. President, it is well known that our country was founded by many intrepid individuals who had suffered from religious persecution. The first amendment to our Constitution plainly speaks the will of our Founding Fathers regarding the ability of each citizen to freely exercise their religion of choice.

Much like those first pilgrims who escaped religious persecution in Europe by settling in the new world, the settlers of Oregon traveled long distances in search of a better way of life. The descendants of these settlers and those new travelers who come to our State take their liberty very seriously. However, one of these liberties was placed in jeopardy when a case relating to freedom of religion in Oregon was decided by the United States Supreme Court in April 1990.

This case, Employment Division, Department of Human Resources of Oregon versus Smith, eliminated the strict test formerly used to determine when the Government may abridge one's right to exercise religion and replaced it with a test that would allow free exercise of religion to be incidentally hindered by laws aimed at entirely unrelated activities. Following this reasoning, some courts have already started to erode settled law protecting religion. Today we are introducing the Religious Freedom Restoration Act to restore the state of the law to the standard used before the Smith decision.

In a strong dissent to the Smith opinion, Justices Brennan and Marshall joined with Justice Blackmun who struck to the heart of this issue when he wrote, "I do not believe the Founders thought their dearly bought freedom from religious persecution a 'luxury,' but an essential element of liberty—and they could not have thought religious intolerance 'unavoidable,' for they drafted the Religion Clauses precisely in order to avoid that intolerance."

As always, we must strive to keep the larger picture in focus. Governments do need the ability to regulate dangerous activities of its citizens. But, applications of laws that our legislatures pass which infringe upon the exercise of religion should be strictly scrutinized. This does not put an undue burden on the government in its regulation of public safety. As before the Smith decision, the Religious Freedom Restoration Act would allow governments to use the least restrictive means necessary to further the compelling interests of the state.

Freedom of religion is one of the many freedoms in this country that we often take for granted. One has only to look at the recent history of many nations to realize that no freedom should be taken for granted, especially not the freedom to worship. Religion inspires great passion, both in those who practice it, and in those who would limit its practice. Our Nation's very foundation was in part principled upon the desire to protect the individual ability to worship.

It was Albert Camus who wrote, "Absolute freedom mocks at justice. Absolute justice denies freedom." Certainly there must be some limitations on what constitutes the free exercise of religious practice. However, the "compelling interest" test that this bill would reinstate provides for these limitations while giving religious exercise the protection that it deserves. I am pleased to cosponsor the Religious Freedom Restoration Act, and hope that we will see its rapid adoption into law.

By Mr. SASSER (for himself, Mr. SEYMOUR, Mr. BREAUX, Mr. LIEBERMAN, Mr. MITCHELL, and Mr. HATFIELD):

S. 2970. A bill to amend the Cash Management Improvement Act of 1990, and for other purposes; to the Committee on Governmental Affairs.

CASH MANAGEMENT IMPROVEMENT ACT AMENDMENTS OF 1992

• Mr. SASSER. Mr. President, I rise at this time to introduce for the Senate's consideration the Cash Management Improvement Act Amendments of 1992. I am pleased to number, as original cosponsors of this legislation, Senator SEYMOUR, the ranking member of the Subcommittee on General Services, Federalism, and the District of Columbia, which I chair; Senator BREAUX; Senator LIEBERMAN, who is also a member of my subcommittee; the distinguished majority leader, Senator MITCHELL; and Senator HATFIELD.

Essentially, this legislation would defer the effective date of certain pro-

visions of the Cash Management Improvement Act of 1990 [CMIA], of which I and Senator ROTH were principal cosponsors. Currently, the effective date of the provisions in question is 2 years from the date of enactment of the CMIA, or October 24, 1992.

Our bill would extend the date for final issuance of implementing regulations to July 1, 1993. The date for commencement of reciprocal State and Federal interest obligations would be extended to July 1, 1993, or the beginning of a State's 1994 fiscal year, whichever is later. In all but four States, this would mean an extension to July 1 of next year; the remaining States would all be extended to not later than October 1, 1993. In light of this, our bill would also give the General Accounting Office an extra year to prepare a mandated report on the implementation of the CMIA.

The need for this legislation can be put simply. The interest provisions are at the heart of the CMIA. They require the calculation and offset, between each State and the Federal Treasury, of two categories of interest: Interest payable by the State on any moneys drawn down in advance from the Federal Treasury to fund Federal programs, from the time of drawdown until the funds are paid to program recipients; and interest owed by the Federal Government on funds advanced by the State, for Federal programs, until such time as those funds are reimbursed by the Federal Treasury.

The 1990 CMIA was the culmination of some 8 years of work by State and Federal agencies, task force members, and congressional sponsors. The mutual interest obligations were put in place to provide a self-enforcing mechanism to encourage State agencies, and their Federal counterparts, to minimize the time between the transfer of Federal funds, whether as an advance or reimbursement, and the time those funds are actually used for Federal programs. In short, the act promotes equity between State and Federal governments by insuring that each side loses as little interest opportunity as possible on the use of its own money.

Unfortunately, the process of formulating, circulating, and implementing regulations under the CMIA has taken far longer than any of us expected. We understand that the Department of the Treasury will not be issuing final regulations until the end of this summer—2 months or less before the date when the interest payment provisions will kick in.

This simply does not afford States a sufficient amount of time to make the administrative and legislative changes needed to comply with the CMIA. Indeed, I believe most of my colleagues have been contacted by the Governors or financial officers of their home States—as I have been—urging the passage of an extension to the CMIA. The legislation we are introducing today also has the strong support of the National Governors' Association, the National Conference of State Legislatures, and the National Association of State Auditors, Comptrollers, and Treasurers.

Now, it has all along been anticipated that the sum total of interest offsets between the various States and the Federal Government would result in a net gain to the Federal Treasury each year. My cosponsors and I believe that the extension sought by our bill is only fair and equitable, given the time-sensitive situation in which all of our States find themselves. But we must accept the fact that a deferral of the interest provisions will create the need for an offset, under the 1990 budget agreement, of approximately $74 million.

As this legislation is considered by the Senate, I intend to do all that I can to insure that the requirements of the budget agreement are met. I ask my colleagues to work with me to see that the offset issue is resolved, and to support the early consideration and passage of this legislation.●

By Mr. BOREN:

S. 2971. A bill to amend the Wild and Scenic Rivers Act to protect State-designated rivers prior to their approval or disapproval by the Secretary of the Interior for inclusion in the National Wild and Scenic Rivers System, and for other purposes; to the Committee on Energy and Natural Resources.

STATE-DESIGNATED WILD AND SCENIC RIVERS PROTECTION ACT

Mr. BOREN. Mr. President, I rise today to introduce legislation that would give greater protection to the Nation's outstanding river resources under the National Wild and Scenic Rivers Act.

The National Wild and Scenic Rivers System currently provides two methods for adding a river to the national system. The first is by an act of Congress under section 1 of the bill. The second is through authority granted to the Secretary of the Interior, known as section 2(a)(ii). Inclusion in the national system is important because the elevated status of the river within the Federal system serves to protect the river from proposed Federal projects, permits, or licenses.

Under section 1 of the act, management of a proposed river is given to the Federal Government. A State whose Governor petitions the Secretary of Interior for inclusion under section 2(a)(ii), however, is allowed to design and implement their own management plan. But while congressionally recognized rivers are given 3 years of temporary protection, section 2(a)(ii) contains no such provision. In other words, States which choose to manage their river resources themselves must forgo protection while they develop responsible management plans. This is clearly contrary to the objectives of the act which seek to preserve rivers for the use and enjoyment of present and future generations.

My legislation would grant the same temporary protective status of State-proposed rivers as that which is currently given to congressionally proposed rivers. It simply states that once a State Governor has requested that the Secretary of the Interior include a State-recognized river or river segment in the National Wild and Scenic Rivers System under section 2(a)(ii), the river would be granted up to 3 years of protection while the State completes and implements a river management plan. My legislation also encompasses rivers which have already been proposed for inclusion in the system by the Governor of a State, such as the Illinois River in Oklahoma.

My home State has gone to great lengths to protect the natural beauty and inherent values of the Illinois River from pollution and degradation. We are currently trying to bring together all the affected interests involved in order to develop the best plan possible. We are committed to preserving the long-term health of the Illinois River and other water resources throughout the Nation by ensuring the protection of State designated wild and scenic rivers.

Mr. President, we owe it to ourselves and to future generations of Americans to help preserve our outstanding natural water resources. The National Wild and Scenic Rivers System has the potential to encompass a vast network of protected rivers managed by a wide array of potential Federal-State-local-private cooperative agreements. States and authorities who know the area best should have the ability to write their own management plans under the protective umbrella of the national system. My legislation would assure States that any initiatives they have undertaken will not be undermined by the Federal Government.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD following my remarks.

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

S. 2971

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "State-Designated Wild and Scenic Rivers Protection Act".

SEC. 2. PROTECTION OF STATE-DESIGNATED RIVERS.

(a) IN GENERAL.—Section 2(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1273(a)) is amended by inserting after the second sentence the following new sentence: "Beginning on the date of receipt of an application by the Secretary under clause (ii) and until the earlier of the date of the approval or dis-

approval by the Secretary of the application or the date that is 3 years after the date of receipt of the application, the river that is the subject of the application shall be protected as if the river were included in the system.".

(b) TRANSITION PROVISION.—A river for which an application under section 2(a)(ii) of the Wild and Scenic Rivers Act (16 U.S.C. 1273(a)(ii)) is pending with the Secretary of the Interior on the date of enactment of this Act shall be protected as described in the third sentence of section 2(a) of such Act (as added by subsection (a)), except that the protection shall begin on the date of receipt of the application and continue until the earlier of the date of the approval or disapproval by the Secretary of the Interior of the application or the date that is 3 years after the date of enactment of this Act.

By Mr. LEAHY:

S. 2972. A bill to amend the Child Nutrition Act of 1966 to temporarily prohibit the use of funds to carry out the WIC-child impact study or a similar study, to direct that any savings be used for supplemental foods and related costs for nutrition services and administration under the WIC program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

AMENDMENT OF CERTAIN CHILD NUTRITION PROGRAMS

Mr. LEAHY. Mr. President, I introduce this bill regarding the WIC program to prevent USDA from wasting taxpayer money.

Despite glowing reports about WIC from independent experts, the administration keeps wanting to conduct another study to determine if the WIC program works. They are planning to pay $25 million on a multiple-year study. Congress already has the answers. Studies funded by USDA already show that WIC works.

That is why I am introducing legislation to stop the administration from spending $25 million on the WIC-child impact study.

Instead, we'll put 10,000 new mothers and children on WIC with that money.

It's time to stop playing games and wasting the taxpayers' money.

In 1986, the Reagan administration decided not to do a followup study of children whose mothers were part of the National WIC Evaluation—a national study of pregnant women and infants participating in WIC. That evaluation became infamous as the study whose conclusions were changed by the Department of Agriculture to make it appear that WIC did not work.

The GAO exposed those deceptive efforts of the Reagan-Bush administration. That GAO report was issued in December 1989, and was called: "Food Assistance: The National WIC Evaluation—Reporting and Follow-Up Issues."

The GAO noted that USDA spent $5.9 million on the study which determined that WIC worked. USDA then removed the researchers' summary, which concluded that WIC was an effective program, and added their own information which contained: "errors," "misleading statements," numbers that were "incorrect and misleading," "important reporting errors," and summary statistics that "are inaccurate" according to GAO.

A January 23, 1990, joint hearing of the Senate Agriculture Committee and the House Select Committee on Hunger further exposed this deception.

USDA efforts to make up for that deception now will not work. All those children are now off the WIC program. The followup study that many members of Congress wanted in 1986 and 1987 cannot now be conducted because all the children, in the National WIC Evaluation, are over age 5 and are not participating in WIC.

I am very concerned about the motives of USDA for conducting the proposed WIC-child impact study. The report of the feasibility of the study, issued by Abt Associates on October 31, 1991, raised a number of concerns. The current USDA proposal is not even consistent with the experimental design analyzed in that October 31 study. That independent feasibility study raised serious concerns over whether reliable results could be achieved.

A recent GAO study: "Early Intervention: Federal Investments Like WIC Can Produce Savings" also demonstrates the major savings that accrue because of investments in WIC. Savings occur because of reduced payments for Medicaid, Supplemental Security Income, and special education. States, likewise, could save millions in reduced payments for Medicaid and special education. Private payers, hospitals, and localities could similarly save, principally in reduced health care costs.

I urge the department to stop fighting old battles over whether WIC works. Accept the facts—WIC does work.

Mr. President, I ask unanimous consent to have printed in the RECORD articles from the New York Times and the Washington Post describing this issue.

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

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

S. 2972

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TEMPORARY PROHIBITION ON USE OF FUNDS FOR WIC-CHILD IMPACT STUDY.

Section 17(g)(5) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)(5)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end the following new subparagraph:

"(B) Notwithstanding subparagraph (A) or any other provision of law—

"(i) none of the funds authorized or appropriated for the purposes of carrying out section 17 of the Child Nutrition Act of 1966 may be obligated prior to October 1, 1997, to carry out the WIC-Child Impact Study or a similar study; and

"(ii) an amount equal to the amount that would otherwise have been expended to carry out the Study or a similar study shall be made available for supplemental foods and related costs for nutrition services and administration.".

[From the Washington Post, Jan. 19, 1990]

REPORT ON WOMEN'S NUTRITION PROGRAM FAULTED

The Agriculture Department altered a major research study to play down the beneficial health effects of the food program for low-income pregnant women and children, according to a General Accounting Office report.

The GAO report, not yet released but obtained yesterday, said researchers who conducted a $5.9 million, six-year study ordered by Congress found that the women-infant-children special food program, known as WIC, enhanced the health of children and mothers.

At a hearing next week, Senate Agriculture Committee Chairman Patrick J. Leahy (D-Vt.) and House Select Committee on Hunger Chairman Tony P. Hall (D-Ohio) are expected to question officials on whether the report was altered in an attempt to head off congressional efforts to enlarge the program or, as Leahy and others have long favored, to make it an automatic entitlement for all those eligible.

Under the WIC program, about 3.4 million low-income pregnant and nursing women and children up to 5 receive foods to ensure proper nutrition, the GAO said, at a cost of about $1.93 billion a year. Less than half those eligible actually receive benefits, the GAO said, because the program is subject to appropriations limits and is not an entitlement.

GAO said the researchers, headed by Dr. David Rush, now of Tufts University, concluded in their 1986 research findings that WIC "improves the diet of pregnant women and children, adds to maternal weight gain, increases the use of prenatal care and reduces pre-term deliveries."

WIC was also credited with affecting the head size of children and perhaps leading to "improved brain growth and potential improvement in behavorial and cognitive performance."

Rush has also said it resulted in fewer infant deaths after the 28th week of life.

In the version of the report submitted to the department for publication, the researchers included summaries stating these conclusions in understandable language, the GAO said.

But before publication, the executive summaries were deleted by the office of the assistant secretary for food and nutrition programs, then headed by John Bode, and the report was rewritten, the GAO said. It said the summaries were dropped and replaced with a "compendium" of results that did not clearly indicate the basic conclusions and "generally understates the benefit of WIC participation."

The GAO said it was told the changes were made because some department officials believed that "the research team's conclusions portrayed the WIC program more favorably than justified by the data."

However, the GAO said, "USDA's compendium of results contains errors and misleading statements about some of the data and

deletes the study team's overall conclusions regarding the WIC program's impact on participants."

Contrary to what the office of assistant secretary had given as justification for the changes, the GAO said, "The original executive summary used appropriate methodology, was accurately presented and reported the study's main conclusions" correctly.

[From the New York Times Jan. 21, 1990]

STUDY SAYS CONGRESS WAS MISLED IN REPORT ON A NUTRITION PROGRAM

A revision of an Agriculture Department study unjustifiably played down the benefits of a popular $1.9 billion nutrition program intended to help poor women and children, Congressional investigators said in a report made public Friday.

The report was issued by the General Accounting Office, an investigative arm of Congress. The agency said department reviewers who evaluated research on the program "deleted the original chapter and executive summaries" because those reviewers believed that the deleted material portrayed the program "more favorably than justified by the data."

The Women, Infants and Children Program provides food to pregnant women and new mothers. A Congressional committee plans to hold hearings on the Congressional report next week.

Results of the six-year, $5.9 million analysis were issued in 1986 and almost immediately raised questions, the Congressional report said.

MISLEADING STATEMENTS

The accounting office said the department's compendium of results from the study, substituted for the original summaries, "contains errors and misleading statements about some of the data and deletes the study team's overall conclusions regarding the W.I.C. program's impact on participants."

It added, "In contrast, the original executive summary used appropriate methodology, was accurately presented, and reported the study's main conclusions: that W.I.C. improves the diet of pregnant women and children, adds to maternal weight gain, increases the use of prenatal care, and reduces preterm deliveries."

In comments included in the Congressional report, the department said it "agrees with criticisms of the delays in publishing the report.

"However, the intent of this document was not to understate the results nor to mislead the reader in any way." said Ann Chadwick, Acting Assistant Secretary for Food and Consumer Services. "It was written out of a genuine concern that the summary submitted by the contractor did not accurately characterize the results."

3.4 MILLION RECIPIENTS

The W.I.C. program began in 1972 and provides food supplements and nutrition education to low-income pregnant and breast-feeding mothers and children up to 5 years old. About 3.4 million people were enrolled in the program in the fiscal year that ended Sept. 30.

Food packages contain items like infant formula, milk or milk products, iron-fortified cereal, juice, eggs and dried beans or peanut butter. The packages are supposed to supplement other food sources like food stamps or welfare programs.

The Congressional agency said the objective of the evaluation that began in 1979 was to "provide a reliable estimate of the effects of participation in the W.I.C. program on nutrition and health during pregnancy and early childhood."

The report said a 1987 Agriculture Department study showed that about 10 million people could be eligible for benefits from the program, based on income. And that study used 1984 data, it said.

By Mr. CRANSTON (for himself, Mr. DECONCINI, Mr. ROCKEFELLER, Mr. GRAHAM, Mr. AKAKA, Mr. DASCHLE, Mr. JEFFORDS, Mr. SIMON, and Mr. KERRY):

S. 2973. A bill to amend title 38, United States Code, to improve the care and services furnished to women veterans who have experienced sexual trauma, to study the needs of such veterans, to expand and improve other Department of Veterans Affairs programs that provide such care and services, and for other purposes; to the Committee on Veterans' Affairs.

WOMEN VETERANS SEXUAL TRAUMA SERVICES ACT

Mr. CRANSTON. Mr. President, as chairman of the Committee on Veterans' Affairs, I have introduced today S. 2973, the proposed Women Veterans Sexual Trauma Services Act of 1992. I am pleased to be joined in introducing this legislation by committee members DECONCINI, ROCKEFELLER, GRAHAM, AKAKA, DASCHLE, JEFFORDS, and Senators SIMON and KERRY.

The purpose of this legislation, and of the overnight efforts that we are undertaking on the committee, is to provide for a much needed, more effective response to the needs of women veterans who seek counseling, treatment, or other service for sexual trauma they experienced while serving on active duty. It is tragic that such legislation is needed. Too many of our women service members have been the victims of sexual harassment, sexual assaults, and rape perpetrated by their fellow service members. I am dismayed that apparently those women typically felt they could not report the incidents to military authorities—or even seek medical treatment—for fear of being blamed, scorned, or held back in their careers. And I am also saddened that so few women veterans have sought VA help and that, when they did seek counseling and treatment from the VA, they often found the personnel insensitive or ill-prepared to deal with them or the services inadequate or inappropriate to meet their needs.

At a Veterans' Affairs Committee hearing I chaired on Tuesday of this week, we heard a great deal of testimony reflecting this state of affairs. Women veterans testified to the callousness of their commanders when they reported they had been sexually assaulted or raped. They also told of the VA's inability to help them when they sought assistance for the trauma's aftereffects. At that hearing and at a hearing I chaired earlier today, we also learned that VA is beginning to take steps to rectify its current, general lack of preparedness—though feeling shackled by tight fiscal restraints in doing so—and is trying to become prepared to provide these extremely deserving women veterans the responsive, high-quality services that they should be entitled to receive and for which they have had to wait too long.

At Tuesday's hearing, I stated:

Today is the dawning of a new era for untold thousands of women veterans. Today—without looking for scapegoats or affixing blame—as Chairman of the Veterans' Affairs Committee, I say to women veterans who were sexually assaulted while defending the United States, your country, whose uniform you proudly wore, now knows it has not done right by you. Today we are determined to start doing so.

You suffered more, much more than you ever should have. Your nation gave you less comfort and less assistance than it should have.

Today we begin to remove this deep and ugly stain on our nation's honor.

A most surprising and disappointing part of this event, now that I look back with the benefit of hindsight, is that it did not occur much earlier. When America hears from today's witnesses, it will feel shame, but I am convinced that this nation will also feel, as I do, compassion and the need to set things right—at long last.

Mr. President, the legislation I am introducing today is one necessary step toward setting things right for a group of women veterans to whom we owe our very best efforts.

SUMMARY OF PROVISIONS

Mr. President, the provisions of our bill would:

First, require the Department of Veterans Affairs, in the case of a woman veteran whom a VA health-care professional—designated by the Chief Medical Director—has found to be in need of counseling or treatment for sexual trauma that occurred during service, to provide the woman veteran with all health-care services necessary in connection with the trauma on the same priority basis as VA is required to provide for service-connected disabilities.

Second, provide the Secretary of VA with the authority, through September 30, 1994, to furnish these services through contracts with non-Department providers and require the Secretary to provide to the Senate and House of Representatives Veterans' Affairs Committees by January 31, 1993, a report on the use of this authority.

Third, require VA to provide a toll-free, 24-hour information and referral telephone line, staffed by personnel trained to facilitate access to VA services, for women veterans.

Fourth, require the Secretary of Veterans Affairs, in cooperation with the Secretary of Defense, to carry out and submit to the Congress by December 31, 1993, a study of the extent of women veterans' needs for counseling, medical care, and other services as the result of experiencing rape, other sexual assault,

or sexual harassment while serving on active duty, including the extent of sexual trauma experienced by women in the military service, the extent of underreporting of crimes of sexual violence—generally and, to the extent data are available, in the Armed Forces—and the utilization of military health-care services by women servicemembers who were the victims of rape, other sexual assault, or sexual harassment.

Fifth, require the Secretary of Veterans' Affairs, by December 31, 1992, to provide Congress with a comprehensive report on the VA services—including outreach—for women veterans who experienced rape, other sexual assault, or sexual harassment while serving on active duty, VA's plans to correct deficiencies, and the numbers of male and female counselors provided specialized training in the counseling of women who have been victims of rape, other sexual assault, or sexual harassment.

Sixth, require the Secretaries of Veterans' Affairs and Department of Defense jointly to ensure that all women being separated from active duty are given appropriate, in-person advice regarding the availability of counseling, medical treatment, and other services and assistance from VA with respect to the aftereffects of rape, other sexual assault, or sexual harassment.

Seventh, require VA, by December 31, 1992, to report to the Congress on the difficulties women veterans encounter in obtaining VA determinations that the aftereffects of in-service sexual violence are service connected and what steps should be taken appropriately to facilitate determinations of service-connection.

BACKGROUND

Mr. President, the issues surrounding VA's ability to counsel and treat victims of rape or other forms of sexual violence first came to my attention in a dramatic way about 2 months ago when I learned of a woman veteran who had been raped while on active duty and was seeking VA treatment—several years after the incident occurred. VA's initial response was counterproductive and wholly inappropriate to her needs. Ultimately, after the distressing and upsetting initial efforts failed, VA contracted for community counseling services for her. However, VA's lack of any established helpful form of response struck me as most disappointing.

At about the same time, I noticed in the April 1992 issue of the Disabled American Veterans magazine an article that referred to the difficult situations faced by women veterans who experienced sexual violence in the service.

For more than a decade, I have focused special efforts on VA's response to the health-care needs of women veterans and that effort continues.

In 1982, a General Accounting Office report identified enormous deficiencies in VA's ability to meet women's health-care needs, and the next year Congress enacted legislation I authored, in title III of Public Law 98-160, to help ensure that needed improvements were made. This included creating the Women Veterans Advisory Committee. In January 1992, a GAO study that I requested in September 1990, to assess VA's progress over the past decade, gave VA generally good grades and VA has plans to make needed improvements in areas GAO identified as remaining deficiencies.

However, there are two matters regarding the report that I consider particularly troubling and they may be related. First, we have not yet developed effective means of outreach to women veterans. Women veterans do not use the VA as much as male veterans; we clearly have not reached women veterans and made them feel as welcome in VA as we should. We must find new and better ways to do so.

Second, in all this time since 1982, we have not previously dealt with, as a major deficiency in VA services, the counseling and treatment needs of women veterans who were sexually harassed, assaulted, or raped. We absolutely must correct this situation.

Mr. President, soon after we began looking into this problem, the issue of sexual harassment and assault in the military came to the public's attention. News reports of the events at the Tailhook Association convention in Las Vegas last year and during the ensuing months highlighted several issues that have posed special problems for women in the service—massive tolerance of abusers, an atmosphere of indifference on the part of the military hierarchy, and women's fears of the consequences of reporting sexual assaults.

I am believe that courageous women like Navy Lt. Paula Coughlin, and the other victims of the shameful assaults at the Tailhook convention, and the brave women veterans—Diana Danis, Barbara Franco, Jacqueline Ortiz, and Mary Kelley Richard—who testified before our committee on Tuesday are helping to usher in a new era of respect, support, and assistance for all of the women in our Armed Forces and all women veterans.

SCOPE OF THE PROBLEM

The issue of sexual assault and rape within the military is not new, but it is one of our deepest military secrets. The precise extent of the problem has been and continues to be a huge unknown. The incidence of sexual assault or rape in the military is difficult to establish. Victims of sexual violence tend not to report it. The Pentagon does not keep comparative crime statistics for the various services and the services themselves do not maintain consistent data on sexual violence. The most reliable data we've found so far is in a 1988 Department of Defense survey of sexual abuse, to which approximately 12,500 active-duty military women responded. Five percent of the respondents reported actual or attempted rape or sexual assault during the most recent 12 months. When these figures are projected to the approximately 222,000 women on active duty in 1988, over 11,000 women in the military would have been victims of sexual violence in that 1 year alone. Given the extent of the problem within the military, the implications for VA are astounding. There are currently 1.2 million women veterans; 5 percent—a very, very conservative percentage—would be 60,000 who were raped or otherwise sexually assaulted during service.

A recent VA study conducted by Dr. Jessica Wolfe of the VA's National Center for PTSD in Boston and Joan Furey, R.N., of VA's National Center for PTSD in Menlo Park, CA—revealed that, of 202 female Vietnam veterans in the study, 29 percent experienced a sexual encounter accompanied by force or the threat of force during their service. The results of this study both underline how conservative my estimate is and the need for the further research that our bill calls for.

It is also important to keep in mind that the numbers of women in the service and, hence the number of women veterans, has risen dramatically in recent years. The current 1.2 million women veterans are approximately 4.6 percent of the total veteran population. This percentage is growing as the number of women in the military continues to rise. Women now comprise 12 percent of the active-duty military force, a percentage that will continue to increase as the role of women in the service continues to expand.

CONCLUSION

Mr. President, everyone who is knowledgeable about issues pertaining to sexual assault or other forms of serious trauma agrees that the victims of these experiences need counseling and may require other forms of medical treatment in order to recover completely. If a woman does not receive counseling at the time the violence occurs, most experts also agree she invariably will suffer psychological repercussions in the future. In light of the indications that women on active duty so frequently do not report abuse or seek counseling when it occurs, I am extremely concerned that VA has not yet addressed aggressively the need for treatment and counseling services for women veterans to deal with the aftereffects of sexual violence, that treatment and counseling services are not being made more available, and that issues of eligibility for and entitlement to VA care may further impede these women veterans' access to needed services. Our bill addresses each of these concerns—giving women who are diagnosed as having counseling or

treatment needs for sexual trauma that occurred on active duty an entitlement to priority care; requiring VA to provide a toll-free information and referral hotline for women veterans; temporarily expanding the authority of VA to contract for the counseling and treatment of women veterans for sexual trauma; and requiring pertinent studies and research.

Mr. President, I urge all my colleagues to support this important legislation, and I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

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

S. 2973

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Women Veterans Sexual Trauma Services Act of 1992".

SEC. 2. CARE AND SERVICES FOR WOMEN VETERANS WHO HAVE EXPERIENCED SEXUAL TRAUMA.

(a) REQUIREMENT TO FURNISH CARE AND SERVICES.—Chapter 17 of title 38, United States Code, is amended by adding at the end of subchapter II the following new section:

"§ 1720D. Care and counseling of women veterans for sexual trauma

"(a) A woman veteran who experienced sexual trauma that occurred during the period of the woman veteran's service on active duty and who is diagnosed by a Department health professional designated by the Chief Medical Director (following an examination of the veteran by such professional) to be in need of counseling or treatment for such sexual trauma shall be furnished care and services with respect to such trauma pursuant to sections 1710(a)(1)(A) and 1712(a)(1)(A) of this title, even though such trauma has not been determined to be service-connected.

"(b)(1) Notwithstanding any other provision of law, the Secretary may enter into contracts with appropriate non-Department facilities (as determined by the Secretary) in order to furnish women veterans with the care and services (including diagnostic services) referred to in subsection (a).

"(2) Not later than January 31, 1993, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the use made of the authority provided under paragraph (1) before the date of the report. The report shall describe the extent of the use of that authority and the types of care and services furnished to women veterans under contracts entered into under that authority.

"(3) The Secretary may not enter into contracts under this subsection after September 30, 1994. The Secretary shall provide that the authority to furnish care and services pursuant to a contract entered into under this subsection shall expire not later than that date.

"(c) For the purposes of this section, the term 'sexual trauma' means the immediate and long-term physical or psychological trauma resulting from rape, sexual assault, sexual harassment, or other act of sexual violence.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding after the item relating to section 1720C the following new item:

"1720D. Care and counseling of women veterans for sexual trauma.".

SEC. 3. INFORMATION AND REFERRALS FOR WOMEN VETERANS.

(a) INFORMATION SYSTEM.—(1) Not later than 90 days after the date of the enactment of this Act, the Secretary of Veterans Affairs shall commence the provision of information and referrals relating to the care and services referred to in paragraph (2) by means of a toll-free telephone number (commonly referred to as an 800 number).

"(2) The care and services referred to in paragraph (1) are the care and services relating to sexual trauma that are available to women veterans in the communities in which such veterans reside, including care and services available under programs of the Department of Veterans Affairs (including the care and services available under section 1720D of title 38, United States Code (as added by section 2 of this Act)), and from non-Department agencies or organizations.

(b) SYSTEM REQUIREMENTS.—In providing information and referrals under subsection (a), the Secretary shall ensure that the telephone information system described in that subsection—

"(1) is operated by Department personnel who are trained in the provision of the information and referrals described in that subsection to individuals who have experienced sexual trauma; and

"(2) operates at all times.

SEC. 4. REPORT ON NEED FOR CARE AND SERVICES OF WOMEN VETERANS WHO HAVE EXPERIENCED SEXUAL TRAUMA.

(a) REPORT.—Not later than December 31, 1993, the Secretary of Veterans Affairs shall submit to Congress a report on the study carried out by the Secretary under subsection (b).

(b) STUDY.—(1) The Secretary, in consultation with and with the assistance of the Secretary of Defense, shall carry out a study of the needs of women veterans for counseling, medical care, and other services for sexual trauma.

(2) In carrying out the study, the Secretary of Veterans Affairs shall, to the extent feasible, determine the following:

(A) The extent to which women have experienced rape, other sexual assaults, sexual harassment, or other acts of sexual violence while on active military, naval, or air service.

(B) The extent to which incidents of rape, other sexual assaults, sexual harassment, or other acts of sexual violence have been under-reported by women in general, by women who are members of the Armed Forces, and by women veterans.

(C) The extent to which women members of the Armed Forces and women veterans who have experienced sexual trauma have utilized counseling, medical care, and other services furnished by the Department of Defense and the Department of Veterans Affairs in order to respond to such experiences.

SEC. 5. REPORT RELATING TO SERVICES AVAILABLE TO WOMEN VETERANS WHO HAVE EXPERIENCED SEXUAL TRAUMA.

Not later than December 31, 1992, the Secretary of Veterans Affairs shall submit to Congress a comprehensive report on the care and services furnished by the Department of Veterans Affairs to women veterans who have experienced sexual trauma. The report shall include the following:

(1) A detailed description and review of the medical care, counseling, outreach, and other services available under programs of the Department of Veterans Affairs to women veterans who have experienced sexual trauma while on active military, naval, or air service, including the number of male and female counselors who have been provided specialized training in the counseling of women.

(2) An assessment by the Secretary of any deficiencies in such programs in meeting the needs of such veterans for counseling, medical care, and other services in response to such experiences.

(3) A detailed description of the plans of the Secretary to eliminate such deficiencies, and a schedule for the implementation of such plans.

SEC. 6. PROVISION OF INFORMATION ON SERVICES TO WOMEN WHO ARE SEPARATING FROM THE ARMED FORCES.

The Secretary of Defense and the Secretary of Veterans Affairs shall jointly carry out a program to ensure that women who are being separated from active military, naval, or air service are provided information on the counseling, medical care, and other services and assistance relating to sexual trauma that are available to such women under programs carried out by the Department of Veterans Affairs, and the procedures for applying such services and assistance. The Secretary of Defense shall provide such information through an in-person interview conducted with the woman being so separated.

SEC. 7. REPORT RELATING TO DETERMINATIONS OF SERVICE-CONNECTION FOR SEXUAL TRAUMA.

(a) Not later than December 31, 1992, the Secretary of Veterans Affairs shall submit to Congress a report containing—

(1) the Secretary's assessment of—

(A) the difficulties women veterans encounter in obtaining determinations from the Department of Veterans Affairs that medical conditions relating to sexual trauma are service-connected; and

(B) the extent to which Department personnel fail to make determinations of service-connection for such conditions; and

(2) the Secretary's recommendation of actions to be undertaken to respond in a fair manner to such difficulties and to eliminate such failures.

SEC. 8. DEFINITIONS.

In this Act:

(1) The term "active military, naval, or air service" has the meaning given such term in section 101(24) of title 38, United States Code.

(2) The term "Armed Forces" has the meaning given such term in section 101(10) of title 38, United States Code.

(3) The term "sexual trauma" means the immediate and long-term physical or psychological trauma resulting from rape, sexual assault, sexual harassment, or other act of sexual violence.

By Mr. CRANSTON:

S. 2974. A bill to amend title 38, United States Code, to revise certain administrative provisions relating to the United States Court of Veterans Appeals, and for other purposes; to the Committee on Veterans' Affairs.

REVISION OF PROVISIONS RELATING TO THE COURT OF VETERANS APPEALS

Mr. CRANSTON. Mr. President, as chairman of the Veterans' Affairs Committee, I today introduced S. 2974, a bill to make improvements in the Veterans' Judicial Review Act, the legislation which established the United States Court of Veterans Appeals. The bill includes provisions that, among

other things, would establish an outside-review component of the disciplinary procedures applicable to judges of the Court.

BACKGROUND

Mr. President, as the 100th Congress drew to a close, a compromise agreement was reached concerning the previously controversial issue of judicial review of veterans benefits claims. The establishment of United States Court of Veterans Appeals through the Veterans' Judicial Review Act [VJRA], Public Law 100-687, was a proud moment for those of us who worked hard over the years for judicial review. It has been most satisfying to see the Court in action, developing a body of case law and providing truly independent scrutiny of the Department of Veterans Affairs decisions on claims for benefits.

Since the enactment of the VJRA, I have continued to work on legislation to ensure that the Court is able to fulfill its important role. In the 101st Congress, I worked closely with other members of the Committee on Veterans' Affairs and with our House counterparts for enactment of the Court of Veterans Appeals Judges Retirement Act (Public Law 101-94). The collaborative effort of our Committees on that complicated legislation established for judges of the Court a separate retirement system on a par with the retirement plans available to other Federal judges.

Last session, the Veterans' Affairs Committees again collaborated on needed VJRA amendments, which were enacted in Public Law 102-82. That legislation, among other things, authorized the Chief Judge of the Court to convene an annual judicial conference, required the Court to establish procedures consistent with those applicable to other federal courts for considering disciplinary claims against the Court's judges, and made applicable to the Court's judges the provisions of section 455 of title 28, United States Code, which sets forth circumstances under which justices, judges, and magistrates of the United States must disqualify themselves.

CONFIRMATION OF CHIEF JUDGE OF THE COURT

Mr. President, section 1 of the bill would clarify the process through which a vacancy in the position of chief judge of the court is to be filled. Under current law, section 7254(d) of title 38, when a vacancy occurs in the chief judge position, the associate judge senior in service assumes the role of acting chief judge unless the President designates another of the associate judges to serve in that capacity. That provision, added by Public Law 101-94, ensured that the responsibility for carrying out the functions of the chief judge was clearly set forth so as to avoid undue disruption in the event of a vacancy in the chief judge position.

In recognition of the importance of the position of chief judge of the Court, section 1 of the bill would clarify that the President's appointment of any individual, including an associate judge of the court, to be chief judge must be with the advice and consent of the Senate. Under current law, it is clear that if the President appoints an individual not on the Court to be chief judge, that appointment would be subject to Senate confirmation. However, current law does not address directly the question of whether the President's appointment of an associate judge—who has been confirmed by the Senate for that position—to become the chief judge is subject to Senate confirmation. I believe that, in that situation, the Senate should have the opportunity to review the nominee's qualifications as they relate specifically to the chief judge position. The chief judge of the Court, in addition to fulfilling his or her judicial responsibilities, is responsible for overseeing the administration of the court's budget and personnel system and representing the Court in various public functions. Because of the special responsibilities and importance of the chief judge position, I believe that the President's selection of any individual to be chief judge—regardless of that individual's position at the time of his or her selection—warrants the Senate's exercise of our advice-and-consent authority. Section 1 of the bill, therefore, would require that the President's appointment of any individual to be chief judge be by and with the advice and consent of the Senate.

FILING DATE FOR NOTICE OF APPEAL TO THE COURT

Mr. President, section 2 of the bill would provide that an appeal to the Court is filed in a timely manner if it is postmarked—as opposed to being actually received by the Court—within the statutory filing period. Under section 7266(a) of title 38, an appeal to the Court must be filed within 120 days following the date on which the [Board of Veterans' Appeals] notice of decision is mailed.* * * The Court's interpretation of this requirement is reflected in rule 4 of its Rules of Practice and Procedure, which requires that a notice of appeal must actually be received by the Court within that time limit in order to be timely filed. In a series of decisions, the Court has dismissed for lack of jurisdiction appeals that were mailed before, but received by the Court after, the 120-day limit had expired.

I believe that the Court's construction of the 120-day limit Congress established for filing appeals is unnecessarily restrictive and, in practice, provides those who live closer to Washington, DC, where the Court is located, move actual time to perfect their appeals than those living greater distances from the Court. The 120-day filing period begins on the date the Board of Veterans' Appeals notice of decision is mailed from Washington. The U.S. Postal Service advises that its service standards for Washington, DC—which are met approximately 75 percent of the time—call for overnight delivery in the metropolitan area, 2 days for delivery within a 600-mile radius—with the exception of New York City—3 days for elsewhere in the contiguous 48 States, including New York City, and 4 days for Hawaii, Alaska, Puerto Rico, and the U.S. Virgin Islands. Thus, a claimant in California generally would not only receive notice of a BVA decision 2 days after a claimant in Philadelphia whose notice was sent the same day, but, under the Court's current rule, would also be forced to mail the notice of appeal to the Court 2 days earlier than the Philadelphia claimant. Moreover, the Court's actual receipt rule for filing purposes does not grant any lenience to an appellant who may have mailed a notice of appeal well before the 120th day but whose notice was among the 25 percent of mail that is delayed, nor does the rule acknowledge that such delays routinely occur due to no fault of the sender.

Mr. President, the Tax Court, which, like the Court of Veterans Appeals is an article I court located in Washington, DC, uses the postmark as the date of filing pursuant to section 7502 of title 26, United States Code. Also, section 4005(b)(1) of title 38, relating to the internal VA appellate process, provides that a notice of disagreement postmarked before the expiration of the 1-year period [for timely filing of such notices] will be accepted as timely filed. As a practical matter, I believe that requiring the Court to accept as timely filed a notice of appeal that is postmarked within the statutory filing period would be easier for appellants to comply with and would avoid unfortunate dismissals of appeals that are mailed within a reasonable period of time prior to the 120-day limit.

Mr. President, although the Court of Veterans Appeals' adoption of its rule 4 was clearly proper and within the scope of its authority, I believe that fairness to all potential appellants to the Court—regardless of how far away they may reside from the Court or the speed with which the postal service delivers their mail—requires that the date of posting as indicated by the postmark on a notice of appeal be the considered filing date. Thus, section 2 of the bill would amend section 7266(a) of title 38 to require that a notice of appeal be deemed received by the Court on the date of receipt by the Court, if it is delivered to the Court, or the date it is postmarked, if it is mailed.

DISCIPLINARY PROCEDURES FOR JUDGES

Mr. President, section 3 of the bill would allow for review by the Judicial Conference of the United States of judicial conduct or disability actions taken by the Court of Veterans Appeals with respect to judges of the court. Under

current law, such outside review is not authorized because the Court of Veterans Appeals is not subject to the administrative authority of the Judicial Conference.

Background: Section 7253(g) of title 38, enacted in section 3 of Public Law 102–82, requires the court to establish procedures, consistent with the provisions of section 372(c) of title 28, for the filing of complaints with respect to the conduct of any judge of the court and for the investigation and resolution of such complaints. This provision was added to ensure that judges of the Court of Veterans Appeals are afforded procedures and due process protections similar to those available to other Federal judges for the consideration of allegations of improper conduct or inability to discharge the duties of office due to mental or physical disability.

However, the procedures applicable to nearly all other Federal courts under section 372(c) of title 28 include the opportunity for outside review of a complaint by the Judicial Conference of the United States, which currently has administrative authority over the Court of Veterans Appeals only with respect to the filing of judges' financial disclosure reports. Under title 28, the Judicial Conference of the United States may review a complaint either on the basis of a referral from a judicial council which has previously reviewed the complaint or upon a petition by a judge or magistrate aggrieved by an action of a judicial council.

Section 3 of the bill would make applicable to the Court of Veterans Appeals the provisions of section 372(c) of title 28 which provide for referral or certification to, and petition for review by, the Judicial Conference.

Over a year ago, Chief Judge Nebeker advised the committee that such outside review would be desirable, yet it was only recently that the Judicial Conference formally indicated that it did not object to assuming this role with respect to the Court of Veterans Appeals.

Mr. President, at the committee's May 23, 1991, hearing, Chief Judge Nebeker offered the court's view on section 4 of H.R. 153, relating to judicial discipline, which was then pending before the committee and subsequently enacted in section 3 of Public Law 102–82. Chief Judge Nebeker testified that the court endorsed the provision as drafted and was prepared to proceed with its implementation. He also stated, however:

[T]he Court believes that further statutory amendment is necessary and desirable to provide for appeal to judicial entities outside the Court, as is permitted with respect to judicial discipline actions of the Claims Court under [title 28].

Accordingly, the Court favors an amendment to provide for such appeal. I am not prepared to recommend such action until I know the position of the Judicial Conference of the United States. However, providing for an appeal outside the Court itself would avoid any perception of partiality or unfairness.

Since the enactment of Public Law 102–82, I have consulted regularly with Chief Judge Nebeker, who, in turn, has consulted with the Judicial Conference in regard to the Conference assuming a role in judicial disciplinary matters for the Court of Veterans Appeals similar to that which it carries out with respect to other Federal courts. On January 3, I wrote to Chief Judge Nebeker to ask what he had learned about the position of the Judicial Conference on this matter.

Following my inquiry, I received a January 10 response from Chief Judge Nebeker and an April 1 followup response from Associate Judge Steinberg, writing on Judge Nebeker's behalf. Those letters enclosed correspondence from Judge Levin H. Campbell, Circuit Judge of the United States Court of Appeals for the First Circuit and Chairman of the Judicial Conference's Committee to Review Circuit Council Conduct and Disability, and William R. Burchill, General Counsel to the Administrative Office of the United States Courts, which set forth the views of the Judicial Conference. I note that the Committee chaired by Judge Campbell is established under section 331 of title 28 and the Judicial Conference has authorized the disposition of petitions for review directly by that committee.

Judge Steinburg's April 1 letter and enclosures indicated that the Judicial Conference had stated its general agreement to legislation providing it a review role over for disciplinary appeals from the Court of Veterans Appeals. At the March 16, 1992, meeting of the Judicial Conference, the Conference approved the recommendation of Judge Campbell's Committee that the Conference:

Approve a communication to the Court of Veterans Appeals and the Congress that the Conference does not object to properly drafted legislation providing it a review role over the disposition of conduct and disability complaints involving judges of the Court of Veterans Appeals, but only if (1) consistent treatment is given to other similar Article I courts outside the Conference structure in the event they adopt procedures based upon the Judicial Conduct and Disability Act, 28 U.S.C. §372(c), and (2) it is clarified that the Conference is not thereby required to assume any other administrative function vis-a-vis those courts (except the review of financial disclosure reports already independently provided for).

Because the Judicial Conference and the Court of Veterans Appeals have thus apparently reached agreement on the general issue of the Judicial Conference assuming a review role over the Court's judicial conduct and disability actions, I believe it is appropriate to proceed with legislation to achieve that result. I note that relevant background materials and notice as to my intention to proceed with this proposal have been provided to the staff of the Judiciary Committee in recognition of the fact that this legislation involves the Judicial Conference, and I am hopeful that the Judiciary Committee will have no objections to this legislative approach. Of course, I will welcome the continued input of all parties interested in or affected by this legislation as it proceeds through the legislative process.

Discussion: Mr. President, section 3 of the bill specifically would amend section 7253(g) of title 38 so as to provide an opportunity for review by the Judicial Conference of judicial conduct and disability actions taken by Court of Veterans Appeals acting as a judicial council, as authorized under current section 7253(g). As I noted earlier, under section 372(c) of title 28, the Judicial Conference may review actions taken by a judicial council—either by referral from a judicial council or upon petition by a judge or magistrate aggrieved by a final order by a judicial council. Although a judicial council has general discretion to refer any complaint to the Judicial Conference, a referral is required in any case in which a judicial council determines that a judge appointed to hold office during good behavior may have engaged in conduct which might be grounds for impeachment or which, in the interest of justice, is not amenable to resolution by the judicial council.

Section 3 would establish a similar role for the Judicial Conference in the disposition of judicial conduct or disability complaints against judges of the Court of Veterans Appeals. Because judges of the Court are subject to removal only by the President—not by Congress through impeachment—a determination by the Judicial Conference that a judge should be removed would be certified and transmitted to the President in the same manner as the Conference is required to refer to Congress a determination that consideration of impeachment of an Article III judge may be warranted. Similarly, the statutory grounds for removal of judges of the Court—misconduct, neglect of duty, or engaging in the practice of law—would be treated in the same manner as grounds for impeachment are treated in cases involving Article III judges. Specifically, if the Court, acting as a judicial council, determines that a judge may have engaged in conduct which might constitute grounds for removal, the council would be required to certify that determination to the Judicial Conference and Judicial Conference, if it concurs with the determination or makes its own determination that a consideration of removal may be warranted, would be required to certify its determination and transmit it to the President as the statutory removing officer.

Section 3 would also clarify that the authority of section 1821 of title 28, re-

garding the payment of per diem and transportation costs to witnesses, would be available in connection with judicial conduct and disability hearings conducted by the Court of Veterans Appeals. Finally, section 3 would grant the court the power granted to the Administrative Office of United States Court under section 372(c) of title 28 in connection with judicial conduct and disability hearings. This provision would allow the court to expend appropriated funds to award reimbursement for reasonable expenses, including attorneys' fees, to a judge against whom a complaint is dismissed after consideration by the judicial council.

MODIFICATION OF COURT OF VETERANS APPEALS JURISDICTION

Mr. President, section 4 of the bill would amend section 402 of the VJRA so as to modify the basis of the Court of Veterans Appeals' jurisdiction. Under current law, the court's jurisdiction is limited to cases in which a notice of disagreement [NOD] was filed on or after the date of enactment of the VJRA, November 18, 1988. A notice of disagreement is a written communication filed by a claimant expressing dissatisfaction or disagreement with an adjudicative decision made by a VA Regional Office—or Medical Center or clinic—and is the first step in the appellate process. Section 4 would modify the court's jurisdiction to cover cases in which the NOD was filed prior to November 18, 1988, and the Board of Veterans' Appeals issued a final decision after that date. This change would ensure that all cases decided by the BVA after the date of the VJRA's enactment could be reviewed by the court.

In 1988, when the House and Senate Committees on Veterans' Affairs reached a compromise agreement on legislation to establish a new article I appellate court for veterans claims, it was clear that some jurisdictional limit was needed to keep the new court from being immediately overwhelmed with claims that had been resolved years or decades earlier and also to allow a reasonable amount for the court to become operational. To address those two concerns, the VJRA limited the new court's jurisdiction to only those cases in which an NOD was filed on or after the date of enactment. This meant that the first cases that would be eligible for court review had not yet been decided by the Board of Veterans' Appeals as of the date of enactment. At the time, the Board was taking an average of approximately 12 months from the time an NOD was filed with until the Board rendered a decision in a case. Thus, the jurisdictional limitation essentially provided one year—during which the Court could be established—before there were BVA decisions that would be eligible for court review. As events transpired, the court first convened on October 16, 1989, 11 months after the enactment of the VJRA.

Mr. President, the VJRA's limitation of the court's jurisdiction provided a practical solution to the then-potential problem of the court being overburdened with appeals before it was actually functioning. There was a strong belief among those involved in the legislative process that, after so long a wait for judicial review of veterans claims, the establishment of the court and its commencement of operations had to be undertaken in a prudent fashion so as to ensure that all who would come before it would be confident in its ability to function effectively. Only six times before in the history of the United States had a court of national jurisdiction been created, and countless administrative matters—in addition to the appointment and confirmation of the judges—required attention.

However, the court has now been operating for almost 2 years with a full complement of seven judges and the administrative obstacles involved in getting it established and fully functioning have been overcome. At this point, the basis for the practical concern about overloading the court's docket before the court was functioning, which led Congress to allow 1 year before any cases would be ripe for appeal, no longer exists. Thus, I believe that it now makes sense to expand the court's jurisdiction so as to allow review of all cases in which the Board of Veterans' Appeals issued a final decision after the date of enactment of the VJRA. This modest alteration of the court's jurisdiction would be consistent both with the VJRA's original intent to prohibit old cases from being brought before the court and with the commonsense expectations of many veterans that all BVA decisions rendered after the enactment of the VJRA would be reviewable by the court. I know that many veterans whose cases were decided by the Board after the promise of judicial review was finally enacted in 1988 felt bitter disappointment when they discovered that the technical aspects of the legislation excluded them.

Because the modification that would be made by section 4 would provide an opportunity for court review for cases currently not eligible for review, the provision would also give a newly eligible claimant a new opportunity, ending 6 months after VA's notification of the claimant of the enactment of this provision, to file a notice of appeal. This is necessary because, although cases in which an NOD was filed before November 18, 1988, but decided by the BVA after that date would be made eligible for court review, the claimants would not have been able to file a notice of appeal with the court within the 120-day filing period.

CONCLUSION

Mr. President, this legislation would enhance the ability of the Court of Veterans' Appeals to fulfill its important role of providing judicial review of veterans claims. I look forward to working with my colleagues on the Senate and House Veterans' Affairs Committees on this legislation in the same spirit of cooperation that we have enjoyed over the past 4 years, and I urge all of my Senate colleagues to support this measure.

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

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

S. 2974

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONFIRMATION OF CHIEF JUDGE.

Section 7253(b) of title 38, United States Code, is amended by striking out "The judges" and inserting in lieu thereof "The chief judge and the associate judges".

SEC. 2. MAILING OF NOTICES OF APPEAL TO THE COURT OF VETERANS APPEALS.

(a) IN GENERAL.—Section 7266(a) of title 38, United States Code, is amended to read as follows:

"(a)(1) In order to obtain review by the Court of Veterans Appeals of a final decision of the Board of Veterans' Appeals, a person adversely affected by such decision shall file a notice of appeal with the Court within 120 days after the date on which notice of the decision is mailed pursuant to section 7104(e) of this title.

"(2) An appellant shall file a notice of appeal under this section by delivering or mailing the notice to the Court.

"(3) A notice of appeal shall be deemed to be received by the Court as follows:

"(A) On the date of receipt by the Court, if the notice is delivered.

"(B) On the date of the postmark stamped on the cover in which the notice is posted, if the notice is mailed.".

(b) APPLICATION.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act and shall apply to notices of appeal that are delivered or mailed to the United States Court of Veterans' Appeals on or after that date.

SEC. 3. DISCIPLINARY PROCEDURES.

Section 7253(g) of title 38, United States Code, is amended—

(1) by inserting "(1)" after "(g)"; and

(2) by adding at the end the following:

"(2) The provisions of paragraph (7) through (15) of section 372(c) of title 28, regarding referral or certification to, and petition for review in, the Judicial Conference of the United States and action thereon, shall apply to the exercise by the Court of the powers of a judicial council under paragraph (1) of this subsection. The grounds for removal from office specified in subsection (f)(1) of this section shall provide a basis for a determination pursuant to paragraph (7) or (8) of section 372(c) of title 28, and certification and transmittal by the Conference shall be made to the President for consideration under subsection (f).

"(3)(A) In conducting hearings pursuant to paragraph (1) of this subsection, the Court may exercise the authority provided under section 1821 of title 28 to pay the fees and allowances described in that section.

"(B) The Court shall have the power provided under section 372(c)(16) of title 28 to award reimbursement for the reasonable ex-

penses described in that section. Reimbursements under this subparagraph shall be made from funds appropriated to the Court.".

SEC. 4. AVAILABILITY OF REVIEW BY COURT OF VETERANS APPEALS.

(a) AVAILABILITY.—Section 402 of the Veterans' Judicial Review Act (38 U.S.C. 7251 note) is amended by striking out "in which a notice of disagreement" and all that follows through the end of the section and inserting in lieu thereof "in which the Board of Veterans' Appeals makes a final decision under section 7104 of title 38, United States Code, after November 18, 1988.".

(b) EFFECTIVE DATE.—(1) The amendment made by subsection (a) shall take effect as of November 18, 1988, and apply to cases in which the Board of Veterans' Appeals make a final decision under section 7104 of title 38, United States Code, on or after that date.

(2)(A) Notwithstanding paragraph (1), a person referred to in subparagraph (B) shall be entitled to obtain review by the Court of Veterans' Appeals of a final decision referred to in clause (ii) of that subparagraph if the person files a notice of appeal with the Court of Veterans' Appeals with respect to that decision not later than 180 days after the notification date referred to in subparagraph (C).

(B) Subparagraph (A) applies to a person who—

(i) filed a notice of disagreement with the Board of Veterans' Appeals before November 18, 1988; and

(ii) received a final decision by the Board on the matter subject to the notice of disagreement on or after such date.

(C) The Secretary of Veterans' Affairs shall, to the maximum extent practicable, notify each person referred to in subparagraph (B) of the eligibility of the person to file a notice of appeal with the Court under subparagraph (A). The date of such notification shall be deemed to be—

(i) the date of such notification, in the case of actual notification; or

(ii) the date of the postmark stamped on the cover in which the notification is posted, if the notice is mailed.

By Mr. McCAIN:

S. 2975. A bill to provide for the settlement of the water rights claims of the Yavapai-Prescott Indian Tribe in Yavapai County, AZ, and for other purposes; to the Select Committee on Indian Affairs.

YAVAPAI-PRESCOTT INDIAN TRIBE WATER RIGHTS SETTLEMENT ACT OF 1992

• Mr. McCAIN. Mr. President, I am very pleased to introduce today legislation whose principal purpose is to provide for the settlement of the water rights claims of the Yavapai-Prescott Indian Tribe in Yavapai County, AZ.

This settlement is a further effort to implement the policy of the United States, in fulfillment of its trust responsibility to Indian tribes, to settle tribal water rights claims fairly and honorably, without lengthy and costly litigation.

The history of the Yavapai Apache Tribe in Arizona is a long story of a tenacious struggle to remain and survive on a small portion of the large area that was once considered their territory. In 1935, the United States established a reservation for the tribe adjacent to the city of Prescott. This reservation now includes 1,400 acres of land which is crossed by Granite Creek, a small stream that flows into the Verde River.

In 1978, the State of Arizona initiated in State court a general stream adjudication of the Gila River System and Source, which includes the Verde River watershed. The United States, as trustee for the tribe, is pursuing claims in that adjudication to 2,670 acre-feet of water for domestic, municipal, commercial, industrial, and irrigation purposes on the reservation.

The general stream adjudication, which includes thousands of claims and claimants, is expected to take decades to complete, at great expense to all parties. The prolonged uncertainty as to the full extent of the Yavapai-Prescott Tribe's entitlement to water, and the availability of water supplies to fulfill that entitlement, is a major obstacle to the orderly planning and development by the tribe and the city of Prescott.

In view of the costs of litigation and the uncertainty of the outcome, the tribe, the city, the Chino Valley Irrigation District, which has claims to the waters of Granite Creek, the State of Arizona, and the United States have sought to negotiate a settlement of all claims to water between and among them.

Representatives of the Yavapai-Prescott Tribe, the city of Prescott, the Chino Valley Irrigation District, the State of Arizona, and the United States have negotiated a settlement agreement to resolve all water right claims between and among them, and to provide the tribe with long term, reliable water supplies for the orderly development and maintenance of the tribe's reservation.

The settlement agreement provides that the quantity of water that will be available to the Yavapai-Prescott Tribe under the existing water service agreement between the tribe and the city of Prescott will be secured, and that that water service agreement will be continued in perpetuity. The tribe's continued on-reservation use of ground water for municipal and industrial, recreational, and agricultural purposes will be provided for, and its rights to the waters in Granite Creek will be quantified.

The legislation will approve, ratify, and confirm the settlement agreement and authorize and direct the Secretary of the Interior to execute and perform the agreement.

Both the city and the tribe have allocations of Colorado River water from Central Arizona Project [CAP], which they received with the understanding that those allocations would be exchanged with downstream Verde River water users for water from the Verde River. However, it is now clear that neither the city nor the tribe will be able to realize such exchanges, principally because of the need to maintain sufficient water flows in the upper reaches of the Verde River to maintain various endangered species.

As part of the settlement, the legislation would authorize the Secretary of the Interior to acquire the city of Prescott's 7,127 acre-foot allocation of Central Arizona Project water and the tribe's allocation of 500 acre-feet of such water for a sum, not to exceed $1,300 per acre-foot, to be negotiated with the Secretary.

The legislation authorizes $9,915,000 in appropriations to permit the Secretary to acquire the allocations at the maximum price. The actual price, however, will be determined in negotiations that necessarily must take into consideration relevant factors affecting the price of various categories of water in Arizona.

The city would be required to deposit the funds it would receive for relinquishing its allocation into a trust account for use in defraying the costs associated with the investigation, acquisition or development of alternative sources of water to replace the central Arizona project water it would relinquish.

The tribe could use its funds to defray its water service costs under the water service agreement or for development and maintenance of on-reservation water facilities. Under the terms of the settlement agreement, the State of Arizona would contribute $200,000 to the tribe's settlement trust fund for these purposes.

The Secretary would be able to use the acquired central Arizona project allocations in his efforts to settle the water rights claims of other tribes in Arizona for whom the United States is also advancing claims in the general stream adjudication.

By providing for the acquisition of the city and the tribe's central Arizona project allocations and requiring the use of funds to provide alternative water supplies, the settlement supplants another alternative that was authorized in the Fort McDowell Indian Water Rights Settlement of 1990.

The McDowell settlement authorized the acquisition of Prescott's and the tribe's central Arizona project allocations as well as the allocations of other municipal water users in the Verde River basin for use in that settlement. It authorized $30,000,000 in Federal appropriations for the acquisition of groundwater sources in the Verde Basin and for the construction of facilities to deliver such water, provided that the acquisition and construction could be accomplished without adverse affect on endangered species and that the Prescott tribe assigned their allocations to the Secretary for use by Fort McDowell.

The expense and potential adverse environmental impact of this so-called Prescott Option will be rendered unnecessary by the Yavapai-Prescott set-

tlement. Accordingly, the Yavapai-Prescott legislation would repeal the $30,000,000 authorization for that option in favor of an alternative that, at most, would cost the Federal Government less than one-third as much money and pose no threat to the riparian habitat or flows of the Verde River.

Mr. President, this settlement will advance the goals of Federal Indian policy and fulfill the trust responsibility of the United States to the Yavapai-Prescott Indian Tribe. Therefore, it is entirely appropriate that the United States participate in the implementation of the settlement agreement and contribute funds to firm up the city of Prescott and the Yavapai-Prescott Tribe's long-term water supplies. Doing so will enable the tribe to utilize fully its water entitlements in developing a diverse, efficient reservation economy, and thereby give a substantial boost to its determined efforts to achieve economic self-sufficiency and self-determination.

As I noted earlier in this statement, the Fort McDowell settlement authorized the Secretary to acquire central Arizona project water allocations of other entities in the Verde River basin in addition to those of the Yavapai-Prescott Tribe and the city of Prescott. Specifically, that settlement authorized acquisition of the allocations of the Yavapai Indian Community of the Camp Verde Reservation, the Cottonwood Water Works, Inc., and the Camp Verde Water System for assignment to the Fort McDowell Indian Community.

The legislation I introduce today would also authorize the secretary to acquire these allocations, including the allocations of the town of Payson and the Mayer Water District, and excepting the allocation of the Yavapai at Camp Verde, whose water rights and reservation lands issues will be the subject of separate legislation in the 103d Congress.

The legislation authorizes the Secretary to acquire these allocations, which total 8,559 acre-feet of water, at a maximum possible cost of $11,126,700. As is the case with the allocations of the tribe and the city of Prescott, the actual price would be subject to negotiation.

Altogether, the legislation authorizes the Secretary to acquire as much as 16,186 acre-feet of Indian and municipal-industrial category water from the central Arizona project. The Secretary, in seeking to provide wet water to Arizona Indian Tribes in settlement of the substantial claims the United States is advancing on their behalf in the general stream adjudication, needs as much water from as many reliable sources as he can reasonably obtain.

While I am not aware of any opposition to the basic provisions of the Yavapai-Prescott settlement or the settlement agreement, I am aware that the Arizona Department of Water Resources and other water interests in Arizona have concerns about the provisions that authorize the Secretary to acquire the central Arizona project allocations of the entities other than the Yavapai-Prescott Tribe and the city of Prescott.

I very much appreciate the willingness of the chairman of the Select Committee on Indian Affairs, Senator INOUYE, to schedule a hearing on this legislation on July 22. In the days prior to that hearing and after, I hope that the concerns of the Department of Water Resources, other parties in Arizona, and the administration can be addressed satisfactorily. With the exceptional cooperation and hard work that has characterized efforts to settle Indian water claims in Arizona to date, I am confident that we can succeed in that effort and enact this legislation this year.●

By Mr. SIMON:

S. 2976. A bill to establish academies for mathematics and science teaching skills; to the Committee on Labor and Human Resources.

ACADEMIES FOR MATHEMATICS AND SCIENCE TEACHING SKILLS ACT OF 1992

● Mr. SIMON. Mr. President, a few weeks ago I told my colleagues of the efforts of Dr. Leon M. Lederman and the Teachers Academy for Mathematics and Science in Chicago, which is leading the effort to improve students' math and science achievement. I said then that I planned to introduce legislation to help ensure that methods such as those pioneered at the academy could be made available to schools throughout the Nation. I offer that legislation today.

Dr. Lederman, a Nobel prize-winning physicist and friend of school reform, was the driving force behind the teachers academy. The academy is a private nonprofit organization which provides intensive retraining to teachers, at both the elementary and secondary school level, to stimulate interest and improvement in students' mathematics and science achievement. Already, the success at the academy indicates that this can become a model for the Nation.

The need for intervention is clear. Our Governors have called for U.S. students to greatly increase their math and science achievement by the year 2000. Yet we are not offering our students the means to reach this goal in the 8 short years which remain. Many of our teachers who must teach math and science were never trained in those areas. They may not know or be comfortable with state-of-the-art techniques, materials, and methodologies. In turn, their students may lose interest in these subject areas and in school itself.

The Academies for Mathematics and Science Teaching Skills Act of 1992, which I introduce today, addresses this problem. The bill authorizes the Secretary of Education, in consultation with the Director of the National Science Foundation, to make grants to nonprofit organizations to establish academies for the retraining and enhancement of elementary and secondary school teachers who teach math and science. The bill is focused particularly on efforts to serve teachers in urban schools with a high proportion of disadvantaged students.

The bill encourages academies to collaborate with institutions that can offer additional expertise, such as local and State education agencies, universities, museums, math and science professional associations, businesses and community-based organizations. Also, the academies must demonstrate that they have consulted with and gained the commitment of the schools and school districts which they will serve, and that leaders and community members with outstanding management skills will participate in their programs.

Academies will also serve as laboratories for teacher retraining. They must provide other institutions with access to their programs and make sure such programs are replicable in other parts of the country.

Dr. Lederman and the teachers academy have shined a light on the types of efforts we must undertake if our Nation's children are to raise their academic achievement. We have a real opportunity to help such work and move to break the cycle of failure that traps so many of our students and imperils their future. We can ask no less than the Federal Government do its part.●

By Mr. DASCHLE (for himself, Mr. DECONCINI, and Mr. BURDICK):

S. 2977. A bill to establish within the Bureau of Indian Affairs a program to improve the management of rangelands and farmlands and the production of agricultural resources on Indian lands, and for other purposes; to the Select Committee on Indian Affairs.

INDIAN AGRICULTURAL RESOURCES MANAGEMENT ACT

● Mr. DASCHLE. Mr. President, I rise today to express my deep concern about the future growth of agricultural and natural resource development and the related economic importance to the tribal nations within the United States of America. In that regard, I am concerned as well about the economic well-being of individual Indians and non-Indians, and their families engaged in agricultural or natural resource management activities.

Of the 54 million acres of Indian-owned land held in trust by the Federal Government for Indians or Indian tribes, approximately 75 percent is used for agricultural production, and another 15 percent are commercial timber lands. The farming and ranching sector

provides the main source of entrepreneurial opportunity to Indian people within Indian reservations. Over 33,000 individual Indian families are engaged in agricultural pursuits. Income from leases of land is the primary source of non-Federal funds for the support of the tribal governments and provides supplemental income to many thousands of Indian allottees.

The vitality of agricultural endeavors within the Indian reservations affects all sectors of the economy, both Indian and non-Indian, on and off the reservations, including farm supply stores, farm implement dealers, and transportation and distribution centers. Full utilization of Indian lands and trust resources is not, then, simply an Indian issue. It is an issue of importance to all persons, whether Indian or non-Indian, who reside in rural communities on or near an Indian reservation.

In the late 1960's and early 1970's it appeared that the agricultural economy of tribes and individual Indians could become a thriving, vital component to enhancing tribal development and autonomy and further foster self-sufficiency. However, the early 1970's brought a new concept of economic development from the Bureau of Indian Affairs that did not recognize agricultural or natural resource enterprise as a viable means to tribal economic development and contradicted the new Federal policy that initiated the self-determination era in the relationship between tribal governments and the Federal Government.

Little was accomplished to enhance opportunities for self determination or foster the trust relationship between tribes and the United States.

By the late 1980's the agricultural economy of the United States began to unravel. Many of the same families I spoke of before, long-time Indian and non-Indian ranchers and farmers, were driven into dire economic straits or bankruptcy.

Fortunately, a breakthrough came as a result of the enactment of the Farm Credit Act Amendments of 1987. There were a number of significant provisions in this act that provided some relief for the faltering agricultural endeavors of tribes, individual Indians, and non-Indians leasing trust land.

These amendments were, in large part, the result of a report prepared for this body and the House of Representatives by the active participation of the Indian Agricultural Working Group, comprised of tribal members appointed by the Assistant Secretary of the Interior for Indian Affairs, in concert with the Bureau of Indian Affairs. The purpose of this report, directed by Congress, was to review existing Indian agriculture policies throughout the Nation. In 1986, the Indian Agricultural Working Group formed the Indian Agriculture Council to carry forward the development of new agriculture policies for Indian Country.

Again in 1990, with the key assistance of the Indian Agriculture Council, Congress enacted six specific Indian provisions of the Food, Agriculture, Conservation, and Trade Act, otherwise known as the 1990 Farm Bill. These, too, have provided hope and action for families struggling to rise above the economic despair caused by inappropriate or nonexisting policies of the administration to adequately address Indian agricultural activities.

Today, with the tremendous assistance of the Indian Agriculture Council, I am offering a measure that would take the agricultural economy of trust land a step further. Joined by my colleagues from the Select Committee on Indian Affairs, Senators DECONCINI and BURDICK, I am introducing the Indian Agricultural Resources Management Act of 1992.

The purposes of this act include an intent to promote and enhance the opportunities for Indian use of their natural resources; to conserve and protect those resources; to support and enhance the ability of tribes to participate in the management of these resources; to improve Indian access to general Federal programs that are relevant to agricultural enterprises; to provide for a management and development effort on Indian lands that is equivalent to efforts expended in the management and development of comparable federally owned lands; and to increase the educational and training opportunities for Indians in natural resource management.

I am convinced, as are my colleagues joining me today, that this measure is necessary and will further bridge the gap that has been created through years of neglect and carelessness of the trust responsibility of the United States to tribal nations—a responsibility that includes an obligation to enhance, protect, and preserve the land the Federal Government holds in trust for the benefit of native Americans.

Mr. President, I ask unanimous consent that the text of S. 2977, the Indian Agriculture Resources Management Act of 1992, be printed in the RECORD at the conclusion of these remarks.

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

S. 2977

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Indian Agricultural Resources Management Act of 1992".

(b) TABLE OF CONTENTS.—

TITLE I—GENERAL PROVISIONS
Sec. 101. Findings.
Sec. 102. Purposes.
Sec. 103. Definitions.
TITLE II—RANGELAND AND FARMLAND ENHANCEMENT
Sec. 201. Management of Indian rangelands and farmlands.
Sec. 202. Indian participation in land management activities.
Sec. 203. Comparative analysis of Indian rangeland and farmland and management programs.
Sec. 204. Leasing of Indian rangelands and farmlands.
TITLE III—EDUCATION IN AGRICULTURE AND NATURAL RESOURCE MANAGEMENT
Sec. 301. Establishment of Indian and Alaska Native agriculture and natural resources management education assistance programs.
Sec. 302. Postgraduate recruitment, education and training program.
TITLE IV—AUTHORIZATION OF APPROPRIATIONS
Sec. 401. Authorization of appropriations.
TITLE V—MISCELLANEOUS
Sec. 501. Regulations.
Sec. 502. Severability.
Sec. 503. Trust responsibility.

TITLE I—GENERAL PROVISIONS

SEC. 101. FINDINGS.

(a) FINDINGS.—The Congress finds and declares that:

(1) Indian rangelands and farmlands are renewable and manageable natural resources that are among the most valuable Indian assets and are vital to the economic and social welfare of individual Indians and Indian tribes.

(2) Increased development and intensive management of Indian rangelands and farmlands will produce increased economic returns, enhance Indian self-determination, promote employment opportunities, and improve the social and economic well-being of Indian and surrounding communities.

(3) The United States has a trust responsibility to protect, conserve, utilize and enhance Indian rangelands and farmlands consistent with its fiduciary obligation and its unique relationship with Indian tribes.

(4) Existing Federal laws do not sufficiently assure the adequate and necessary trust management of Indian rangelands and farmlands.

(5) The Federal investment in, and the management of Indian rangelands and farmlands is significantly below the level of investment in, and management of, rangelands and farmlands under the administration of the Bureau of Lands Management, Bureau of Reclamation, the National Forest Service, and private landowners.

(6) The beneficial use of Indian rangelands and farmlands by Indians is in serious decline throughout Indian country.

(7) Despite the Federal policy of Indian self-determination, Federal laws and policies have limited the authority and ability of tribal governments and Indian communities to develop land-based programs on the basis of local priorities.

SEC. 102. PURPOSES.

The purposes of this Act are to:

(1) Promote and increase the opportunities for Indian use of their own resources so as to use Indian natural and human resources to achieve tribal goals, to decrease idle or underutilized land, reverse the damaging long-term losses in productivity and land values, and increase local employment opportunities, community income, and social stability.

(2) Safeguard the investments made in Indian rangelands and farmlands and agricultural enterprises and provide adequate, stable, and secure authority for the protection, conservation, utilization, and enhancement of Indian rangeland and farmland resources.

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(3) Support and improve tribal self-determination by authorizing and facilitating the active tribal participation in the management decisionmaking processes on the allocation and use of local natural resources.

(4) Improve Indian access to Federal agriculture, rural development and related programs which are available to the American society at large through the various Departments of the Federal Government.

(5) Provide for the development and management of Indian rangelands and farmlands at a level commensurate with the level of development and management afforded to federally owned or controlled lands.

(6) Meet the trust responsibility of the United States and promote self-determination of Indian tribes by managing Indian rangelands and farmlands and related renewable resources in a manner consistent with identified tribal goals and priorities, and nationally adopted multiple use and sustained yield principles.

(7) Increase the educational and training opportunities available to Indian people and communities in the practical, technical and professional aspects of agriculture, natural resources, and land management to improve local expertise and technical abilities and create a cadre of professional Indian agriculture resource managers who can provide leadership to the tribal, Federal and private sectors on Indian land and resource management issues.

SEC. 103. DEFINITIONS.

For the purposes of this Act:

(1) The term "agricultural land" means land that is used for the production of agricultural products, and lands occupied by industries that support the agricultural community, regardless of whether a formal inspection and land classification has been taken.

(2) The term "agricultural resource" means—

(A) all the primary means of production, including the land, soil, water, air, plant communities, watersheds, climate, human resources, natural physical attributes and man-made developments which together comprise the agricultural community; and

(B) all the benefits derived from agricultural land and enterprises, including cultivated and gathered food products, fibers, horticultural products, dyes, cultural or religious condiments, medicines, water, cultivated fisheries, wildlife, recreation, aesthetic and other traditional values of agriculture and rangelands.

(3) The term "agricultural product" means—

(A) crops grown under cultivated conditions whether used for personal consumption, subsistence, or sold for commercial benefit;

(B) domestic livestock including cattle, sheep, goats, horses, buffalo, swine, Alaska reindeer, fowl, cultivated fish, or other animals specifically raised and utilized for food, fiber, or as beast of burden;

(C) forage, hay, fodder, feed grains, crop residues and other items grown or harvested for the feeding and care of livestock, sold for commercial profit, or used for other purposes;

(D) naturally occurring noncultivated plants and animals gathered for commercial sale, personal use, cultural or religious activities or for other purposes such as use in teas, medicines, as herbs or spices, for decoration, or for traditional purposes; and

(E) other marketable or traditionally used materials authorized for removal from agricultural lands.

(4) The term "land management activity" means all activities, accomplished in support of the management of Indian agricultural land, including but not limited to—

(A) preparation of inventories and management plans;

(B) agricultural land and infrastructure development, and the application of accepted soil or range management techniques to improve or restore the productive capacity of the land;

(C) protection against agricultural pests, including development, implementation, and evaluation of integrated pest management programs to control noxious weeds, undesirable vegetation, vertebrate or invertebrate agricultural pests;

(D) administration and supervision of agricultural leasing and permitting activities, including determination of proper land use and proper stocking rates of livestock, appraisal, advertisement, negotiation, contract preparation, collecting, recording, and distributing lease rental receipts;

(E) technical assistance to individuals and tribes engaged in agricultural production or agribusiness; and

(F) educational assistance in agriculture, natural resources, land management and related fields of study, including direct assistance to community, tribal and land grant colleges in developing and implementing curriculum for vocational, technical and professional course work.

(5) The term "farmland" means land that is used for production of food, feed, fiber, forage and oil seed crops, or other agricultural products, and may be either dryland or irrigated.

(6) The term "rangeland" means land on which the native vegetation is predominantly grasses, grass-like plants, forbs or shrubs suitable for grazing or browsing use, and includes lands revegetated naturally or artificially to provide a forage cover that is managed like native vegetation. Rangelands include natural grasslands, savannahs, shrublands, most deserts, tundra, alpine communities, coastal marshes and wet meadows.

(7) The term "Indian" means a Native American or Alaska Native who is a member of an Indian tribe, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(8) The term "Indian tribe" means any Indian tribe, band, nation, rancheria, pueblo, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(9) The term "Indian land" means land that is—

(A) held in trust by the United States for an Indian or Indian tribe; or

(B) owned by an Indian or Indian tribe and is subject to restrictions against alienation.

(10) The term "landowner" means the Indian or Indian tribe that—

(A) owns such Indian land, or

(B) is the beneficiary of the trust under which such Indian land is held by the United States.

(11) The term "Secretary" means the Secretary of the Interior, except where otherwise specifically designated;

(12) The term "Indian enterprise" means an enterprise—

(A) which—

(i) is engaged in construction (within the meaning of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.)), and is entirely owned by Indians, or Indian tribes, that receive 100 percent of the profits of the enterprise, or

(ii) is engaged in any business other than construction and at least 51 percent of the enterprise is owned by Indians, or Indian tribes, that receive not less than 51 percent of the profits of the enterprise; or

(B) which—

(i) is entirely owned by an Indian tribe, or

(ii) has an Indian owner who—

(I) acts as the chief executive officer of the enterprise; and

(II) has the experience and training to manage, and does in fact manage, day-to-day activities of the enterprise.

TITLE II—RANGELAND AND FARMLAND ENHANCEMENT

SEC. 201. MANAGEMENT OF INDIAN RANGELANDS AND FARMLANDS.

(a) MANAGEMENT ACTIVITIES.—The Secretary shall manage Indian rangelands and farmlands, utilizing state-of-the-art technology, either directly or through cooperative agreements, self-determination contracts and grants under the Indian Self-Determination and Education Assistance Act.

(b) MANAGEMENT OBJECTIVES.—Indian rangeland and farmland management activities shall be designed to achieve the following objectives—

(1) to protect, conserve, utilize, and enhance rangelands and farmlands in a perpetually productive state through the application of sound agronomic and economic principles to the planning, development, inventorying, classification, and management of agricultural resources;

(2) to increase production and expand the diversity and availability of agricultural products for subsistence, income, and employment of Indians and Alaska Natives, through the development of renewable agricultural resources;

(3) to manage agricultural resources to protect and enhance other associated values such as wildlife, fisheries, cultural resources, recreation, and regulate water runoff and minimize soil erosion;

(4) to enable farmers and ranchers to maximize the potential benefits available to them through their land by providing technical assistance, training and education in conservation practices, management and economics of agribusiness, sources and use of credit, marketing of agricultural products, and other applicable subject areas;

(5) to develop Indian rangelands and farmlands and associated value-added industries of Indians and Indian tribes to promote self-sustaining communities, and so that Indians may receive from their trust lands not only lease value, but also the benefit of the labor and profit that such land is capable of producing; and

(6) to assist trust and restricted landowners in leasing their farmland and rangeland for a reasonable annual return, consistent with prudent management and conservation practices, and community goals.

(c) MANAGEMENT PLANS.—To achieve the objectives set forth in subsections (a) and (b), the Secretary, with full and active consultation with the tribe or tribes to be served and consistent with his trust responsibility, shall immediately embark on a reservation-by-reservation resource management planning program encompassing or reflecting the following:

(1) A closed-term three-year effort conducted at the local tribe and agency level working through the governments of the tribes and in public meetings to determine

and document the specific agriculture and land resource goals and desires of the local tribe and community.

(2) A use of the defined goals as the basis in creating a ten-year agriculture program and land management plans to attain the goals defined for community lands and reservations by using public meetings, existing surveys, reports, local knowledge of the land and resources available from Federal agencies, tribal community colleges, and land grant institutions.

(3) A mechanism for assuring that the result of this three-year program will be specific, documented agriculture and land management programs, created and approved by the local community, which address specific community concerns for land use and development. The individual reservation or tribal planning documents will provide the direction to the Bureau of Indian Affairs and the tribes in the management and administration of the Indian owned trust resources. These program documents will also provide the basis for the application of Indian self-determination contracting of Agriculture and Natural Resource Programs under the Indian Self-Determination and Education Assistance Act.

(4) The contract and grant provisions of the Indian Self-Determination and Education Assistance Act shall be applicable to the development of these management plans.

SEC. 202. INDIAN PARTICIPATION IN LAND MANAGEMENT ACTIVITIES.

(a) TRIBAL LAWS.—Unless otherwise prohibited by Federal law, the Secretary shall comply with tribal laws pertaining to Indian agricultural lands, including laws regulating the environment or historic or cultural preservation, and shall cooperate with the enforcement of such laws on Indian agricultural lands. Such cooperation shall include—

(1) assistance in the enforcement of such laws;

(2) provision of notice of such laws to persons or entities undertaking activities on Indian agricultural lands; and

(3) upon request of an Indian tribe, an appearance in tribal forums.

(b) WAIVER OF REGULATIONS.—In any case in which a regulation or administrative policy of the Department of the Interior conflicts with or impedes—

(1) meeting the objectives of the management plan provided for in section 201; or

(2) conflicts with a tribal law;

the Secretary shall waive the application of such regulation or administrative policy unless such waiver would constitute a violation of a Federal statute or judicial decision, or would conflict with his general trust responsibility under Federal law.

SEC. 203. COMPARATIVE ANALYSIS OF INDIAN RANGELAND AND FARMLAND AND MANAGEMENT PROGRAMS.

(a) COMPARATIVE ANALYSIS.—Within 90 days after the date of enactment of this Act, the Secretary shall assemble a Task Force consisting of appropriate officials of the Bureau of Indian Affairs, the Bureau of Land Management, the United States Park Service, the Inter-Tribal Agriculture Council, the Southwest Inter-Tribal Agriculture Council, and such other non-Governmental persons or entities as the Secretary may deem appropriate to develop a comparative analysis of Federal investment and management efforts for Indian trust lands as compared to federally owned lands managed by other Federal agencies or instrumentalities. The Secretary shall request the Secretary of Agriculture to make available on a nonreimbursable basis appropriate personnel from the Department of Agriculture to assist in the development of such analysis.

(b) PURPOSES.—The purposes of the comparative analysis and the Survey Instrument shall be—

(1) to establish a comprehensive assessment of the needs for management improvement, funding, and development needs for each reservation with Indian rangeland and farmland;

(2) to establish a comparison of management and funding provided to comparable lands owned or managed by the Federal Government through Federal agencies other than the Bureau of Indian Affairs;

(3) to identify any obstacles to Indian access to Federal or private programs relating to agriculture or related rural development programs available to the American public at large; and

(4) to provide guidance in the development of the management plans required under the provisions of section 201 of this Act.

(c) IMPLEMENTATION.—Within six months from the date of enactment of this Act, the Secretary shall provide the House Committee on Interior and Insular Affairs and the Senate Select Committee on Indian Affairs with a status report on the development of the comparative analysis required by this section, and shall file a final report with the Congress not more than nine months from the date of enactment of this Act.

SEC. 204. LEASING OF INDIAN RANGELANDS AND FARMLANDS.

The Secretary—

(1) when authorized by an appropriate tribal resolution which shall include a tribal definition of what constitutes "highly fractionated undivided heirship lands", the Secretary is authorized to negotiate and lease or permit highly fractionated undivided interest heirship lands in order to prevent waste, reduce idle land acreage and insure income, when no single individual can claim a fifty percent or greater ownership interest;

(2) is authorized to approve any agricultural lease or permit with a tenure up to ten years, or a tenure longer than ten years when, in the opinion of the Secretary, such lease or permit requires substantial investment in development of the lands by the lessee and such longer tenure is determined by the Secretary to be in the best interest of the landowners;

(3) shall promote the use of Indian rangelands and farmlands by Indian people and, in accordance with a general policy established by the tribal government having jurisdiction over such rangelands or farmlands as set forth by a tribal resolution on record with the Secretary, the Secretary is authorized to approve any such lease or permit which contains a provision authorizing the renewal or renewals of such lease or permit for a period of years determined by the tribal government to be necessary to meet the purposes of this Act, notwithstanding any other provision of law;

(4) is authorized to allow for local level discretionary use of surety and performance bonds on agricultural leases and permits; and

(5) is authorized to lease or permit agricultural lands for rates which reflect local economy based rental rates of less than the Federal appraisal when such action would be in the best interest of the landowner, and in such instances, when such land has been satisfactorily advertised for lease, the highest reasonable bid shall be accepted.

TITLE III—EDUCATION IN AGRICULTURE AND NATURAL RESOURCE MANAGEMENT

SEC. 301. ESTABLISHMENT OF INDIAN AND ALASKA NATIVE AGRICULTURE AND NATURAL RESOURCES MANAGEMENT EDUCATION ASSISTANCE PROGRAM.

(a) NATURAL RESOURCES INTERN PROGRAM.—(1) Notwithstanding the provisions of title 5 of the United States Code governing appointments in the competitive service, the Secretary shall establish and maintain in the Bureau of Indian Affairs or other appropriate office or bureau within the Department of the Interior at least 20 natural resources intern positions for Indian and Alaska Native students enrolled in an agriculture or natural resources study program.

(2) For purposes of this subsection, the term—

(A) "natural resources intern" means an Indian or Alaska Native who—

(i) is attending an approved postsecondary school in a full-time agriculture or natural resource related field, and

(ii) is appointed to one of the natural resources intern positions established under paragraph (1);

(B) "natural resources intern positions" means positions established pursuant to paragraph (1) for natural resources interns; and

(C) "agriculture or natural resources study program" includes, but is not limited to, agricultural engineering agricultural economics, animal husbandry, animal science, biological sciences, fishery management, geographic information systems, horticulture, range management, soil science, veterinary science, and wildlife biology.

(3) The Secretary shall pay, by reimbursement or otherwise, all costs for tuition, books, fees and living expenses incurred by a natural resources intern while attending an approved postsecondary or graduate school in a full-time natural resources study program.

(4) A natural resources intern shall be required to enter into an obligated service agreement with the Secretary to serve as an employee in a professional natural resources position with the Department of the Interior or other Federal agency, an Indian tribe, or a tribal natural resource related enterprise for one year for each year of education for which the Secretary pays the intern's educational costs under paragraph (3) of this subsection.

(5) A natural resources intern shall be required to report for service with the Bureau of Indian Affairs or other bureau or agency sponsoring his internship, or to a designated work site, during any break in attendance at school of more than three weeks duration. Time spent in such service shall be counted toward satisfaction of the intern's obligated service agreement under paragraph (4).

(b) COOPERATIVE EDUCATION PROGRAM.—(1) The Secretary shall maintain, through the Bureau of Indian Affairs, a cooperative education program for the purpose, among other things, of recruiting Indian and Alaska Native students who are enrolled in secondary schools, tribally controlled community colleges, and other postsecondary or graduate schools, for employment in professional natural resource related positions with the Bureau of Indian Affairs or other Federal agency providing Indian natural resource related services, Indian tribal governments, or tribal natural resource related enterprises.

(2) The cooperative educational program under paragraph (1) shall be modeled after, and shall have essentially the same features as, the program in effect on the date of en-

actment of this Act pursuant to chapter 308 of the Federal Personnel Manual of the Office of Personnel Management.

(3) The cooperative educational program shall include, among others, the following:

(A) The Secretary shall continue the established specific programs in agriculture and natural resources education at Southwestern Indian Polytechnic Institute (SIPI) and at Haskell Indian Junior College.

(B) The Secretary shall develop and maintain a cooperative program with the tribally controlled community colleges to coordinate course requirements, texts, and provide direct technical assistance so that a significant portion of the college credits in both the Haskell and SIPI programs can be met through local program work at participating community colleges.

(C) Working through tribally controlled community colleges and in cooperation with land grant institutions, the Secretary shall implement an informational and educational program to provide practical training and assistance in creating or maintaining a successful agricultural enterprise, assessing sources of commercial credit, developing markets and other subjects of interest to the rural community.

(D) Working through tribally controlled community colleges and in cooperation with land grant institutions, the Secretary shall implement research activities to improve the basis for determining appropriate management measures to apply to Indian resource management.

(4) Under the cooperative agreement program under paragraph (1), the Secretary shall pay, by reimbursement otherwise, all costs for tuition, books, and fees of an Indian or Alaska Native student who—

(A) is enrolled in a course of study at an education institution with which the Secretary has entered into a cooperative agreement; and

(B) is interested in a career with the Bureau of Indian Affairs, an Indian tribe or a tribal enterprise in the management of Indian rangelands, farmlands, or other natural resource assets.

(5) Financial need shall not be a requirement to receive assistance under the cooperative agreement program under this subsection.

(6) A recipient of assistance under the cooperative education program under this subsection shall be required to enter into an obligated service agreement with the Secretary to serve as a professional in a natural resource related activity with the Bureau of Indian Affairs, or other Federal agency providing natural resource related services to Indians or Indian tribes, an Indian tribe, or a tribal natural resource related enterprise, for one year for each year for which the Secretary pays the recipients educational costs pursuant to paragraph (3).

(c) SCHOLARSHIP PROGRAM.—(1) The Secretary is authorized to grant scholarships to Indians and Alaska Natives enrolled in accredited natural resource related programs for postsecondary and graduate programs of study as full-time students.

(2) A recipient of a scholarship under paragraph (1) shall be required to enter into an obligated service agreement with the Secretary in which the recipient agrees to accept employment for one year for each year the recipient received a scholarship, following completion of the recipients course of study, with—

(A) the Bureau of Indian Affairs or other agency of the Federal Government providing natural resource related services to Indians or Indian tribes;

(B) a natural resource program conducted under a contract, grant, or cooperative agreement entered into under the Indian Self-Determination and Education Assistance Act;

(C) an Indian enterprise engaged in a natural resource related business; or

(D) an Indian tribe's natural resource related program.

(3) The Secretary shall not deny scholarship assistance under this subsection solely on the basis of an applicant's scholastic achievement if the applicant has been admitted to and remains in good standing in an accredited postsecondary or graduate institution.

(d) EDUCATIONAL OUTREACH.—The Secretary shall conduct, through the Bureau of Indian Affairs, and in consultation with other appropriate local, State and Federal agencies, and in consultation and coordination with Indian tribes, a natural resource education outreach program for Indian and Alaska Native youth to explain and stimulate interest in all aspects of management and careers in Indian natural resources.

(e) ADEQUACY OF PROGRAMS.—The Secretary shall administer the programs described in this section until a sufficient number of Indians and Alaska Natives are trained to ensure that there is an adequate number of qualified, professional Indian natural resource managers to manage the Bureau of Indian Affairs natural resource programs and programs maintained by or for Indian tribes.

SEC. 302. POSTGRADUATION RECRUITMENT, EDUCATION AND TRAINING PROGRAMS.

(a) ASSUMPTION OF LOANS.—The Secretary shall establish and maintain a program to attract Indian and Alaska Native professional natural resource technicians who are graduates of a course of postsecondary or graduate education for employment in either the Bureau of Indian Affairs natural resource programs or, subject to the approval of the tribe, in tribal natural resource programs. According to such regulations as the Secretary may prescribe, such program shall provide for the employment of Indian and Alaska Native professional natural resource technicians in exchange for the Secretary's assumption of the employee's outstanding student loans. The period of employment shall be determined by the amount of the loan that is assumed.

(b) POSTGRADUATE INTERGOVERNMENTAL INTERNSHIPS.—For the purposes of training, skill development and orientation of Indian, Alaska Native, and Federal natural resource management personnel, and the enhancement of tribal and Bureau of Indian Affairs natural resource programs, the Secretary shall establish and actively conduct a program for the cooperative internship of Federal, Indian and Alaska Native natural resource personnel. Such program shall—

(1) for agencies within the Department of the Interior—

(A) provide for the internship of Bureau of Indian Affairs, Alaska Native, and Indian natural resource employees in the natural resource related programs of other agencies of the Department of the Interior, and

(B) provide for the internship of natural resource personnel from the other Department of the Interior agencies within the Bureau of Indian Affairs, and, with the consent of the tribe, within tribal natural resource programs;

(2) for agencies not within the Department of the Interior, provide, pursuant to an interagency agreement, internships within the Bureau of Indian Affairs and, with the consent of the tribe, within a tribal natural resource program of other natural resource personnel of such agencies who are above their sixth year of Federal service;

(3) provide for the continuation of salary and benefits for participating Federal employees by their originating agency;

(4) provide for salaries and benefits of participating Indian and Alaska Native natural resource employees by the host agency; and

(5) provide for a bonus pay incentive at the conclusion of the internship for any participant.

(c) CONTINUING EDUCATION AND TRAINING.—The Secretary shall maintain a program within the Trust Services Division of the Bureau of Indian Affairs for the ongoing education and training of Bureau of Indian Affairs, Alaska Native, and Indian natural resource personnel. Such program shall provide for—

(1) orientation training for Bureau of Indian Affairs natural resource personnel in tribal-Federal relations and responsibilities;

(2) continuing technical natural resource education for Bureau of Indian Affairs, Alaska Native, and Indian natural resource personnel; and

(3) development training of Indian and Alaska Native personnel in natural resource based enterprises and marketing.

SEC. 303. COOPERATIVE AGREEMENT BETWEEN THE DEPARTMENT OF THE INTERIOR AND INDIAN TRIBES.

(a) COOPERATIVE AGREEMENTS.—

(1) To facilitate the administration of the programs and activities of the Department of the Interior, the Secretary is authorized to negotiate and enter into cooperative agreements with Indian tribes to—

(A) engage in cooperative manpower and job training,

(B) develop and publish cooperative environmental education and natural resource planning materials, and

(C) perform land and facility improvements, and other activities related to land and natural resource management and development.

The Secretary may enter into such agreements when the Secretary determines the interest of Indians and Indian tribes will be benefited.

(2) In such cooperative agreements, the Secretary is authorized to advance or reimburse funds to contractors from any appropriated funds available for similar kinds of work or by furnishing or sharing materials, supplies, facilities or equipment without regard to the provisions of section 3324, title 31, United States Code, relating to the advance of public moneys.

(b) SUPERVISION.—In any agreement authorized by this section, Indian tribes and their employees may perform cooperative work under the supervision of the Department of the Interior in emergencies or otherwise as mutually agreed to, but shall not be deemed to be Federal employees other than for the purposes of section 2671 through 2680 of title 28, United States Code, and section 8101 through 8193 of title 5, United States Code.

(c) SAVINGS CLAUSE.—Nothing in this Act shall be construed to limit the authority of the Secretary to enter into cooperative agreements otherwise authorized by law.

SEC. 304. OBLIGATED SERVICE; BREACH OF CONTRACT.

(a) OBLIGATED SERVICE.—Where an individual enters into an agreement for obligated service in return for financial assistance under any provision of this title, the Secretary shall adopt such regulations as are

necessary to provide for the offer of employment to the recipient of such assistance as required by such provision. Where an offer of employment is not reasonably made, the regulations shall provide that such service shall no longer be required.

(b) BREACH OF CONTRACT; REPAYMENT.—Where an individual fails to accept a reasonable offer of employment in fulfillment of such obligated service or unreasonably terminates or fails to perform the duties of such employment, the Secretary shall require a repayment of the financial assistance provided, prorated for the amount of time of obligated service that was performed, together with interest on such amount which would be payable if at the time the amounts were paid they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States.

TITLE IV—AUTHORIZATION OF APPROPRIATIONS

SEC. 401. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

TITLE V—MISCELLANEOUS

SEC. 501. REGULATIONS.

Except as otherwise provided by this Act, the Secretary is directed to promulgate final regulations for the implementation within eighteen months from the date of enactment of this Act. All regulations promulgated pursuant to this Act shall be developed by the Secretary with the participation of the affected Indian tribes.

SEC. 502. SEVERABILITY.

If any provision of this Act, or the application of any provision of this Act to any person or circumstance, is held invalid, the application of such provision or circumstance and the remainder of this Act shall not be affected thereby.

SEC. 503. TRUST RESPONSIBILITY.

Nothing in this Act shall be construed to diminish or expand the trust responsibility of the United States toward Indian trust lands or natural resources, or any legal obligation or remedy resulting therefrom.●

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

S. 2978. A bill to amend the Rural Electrification Act of 1936 to permit the prepayment and refinancing of Federal Financing Bank loans made to rural electrification and telephone systems, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

PREPAYMENT AND REFINANCING OF CERTAIN LOANS TO RURAL ELECTRIFICATION AND TELEPHONE SYSTEMS

● Mr. PRYOR. Mr. President, I rise today to introduce a bill which, if signed into law, would save rural America hundreds of millions of dollars in electric bills. This legislation would make it possible for rural electric systems to prepay or refinance high interest loans guaranteed by the Rural Electrification Administration [REA] and held by the Federal Financing Bank [FFB].

Many rural electric systems across the Nation are currently locked into long-term, high-interest FFB debt. Throughout the 1980's, declining interest rates have made it possible for U.S. businesses and industries, including the electric utility industry, to refinance billions of dollars of high-interest debt at lower interest rates. The rural electrification systems, on the other hand, are locked into high rates despite repeated attempts by Congress to allow them to pay these obligations ahead of time.

Congress has passed legislation five times to allow the rural electric systems to prepay, and five times the executive branch has ignored or reinterpreted the intent of Congress. This new legislation will ensure that congressional intent cannot be circumvented or ignored this time around.

The bill that I am introducing today will allow rural electric systems to prepay FFB loans and, using the 100-percent REA guarantee, refinance privately at lower interest rates without penalty, or simply prepay with funds that are generated internally. Additionally, it would permit rural electric systems to refinance their loans within the FFB by obtaining a change in interest rate and paying a penalty. It would also require the REA administrator to grant an equal or pro rata lien to third-party lenders if the FFB loan is prepaid according to the requirements of this legislation.

Mr. President, it is time that rural electric ratepayers stop having to subsidize the U.S. Treasury. If the Federal Government can forgive billions of dollars of debt owed by foreign countries, surely Congress can vote to allow rural electrification systems to pay back their debt ahead of time.

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

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

S. 2978

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PREPAYMENT AND REFINANCING OF FEDERAL FINANCING BANK LOANS MADE TO RURAL ELECTRIFICATION AND TELEPHONE SYSTEMS.

Section 306A of the Rural Electrification Act of 1936 (7 U.S.C. 936a) is amended to read as follows:

"SEC. 306A. PREPAYMENT AND REFINANCING OF FEDERAL FINANCING BANK LOANS.

"(a) PREPAYMENT.—

"(1) IN GENERAL.—If, on the date of enactment of this section, a borrower has an outstanding loan made by the Federal Financing Bank and guaranteed by the Administrator of the Rural Electrification Administration under section 306, the borrower may prepay the loan or an advance on the loan, or any portion thereof, at any time or times without limitation as to dollar amount by paying the lesser of—

"(A) the outstanding principal balance due on the loan or loan advance; or

"(B) the present value of the loan discounted from the face value of the loan at maturity at a rate established by the Administrator.

"(2) DISCOUNT RATE.—The discount rate established by the Administrator for prepaying direct loans or insured loans under this subsection shall be not less than the greater of—

"(A) the current cost of funds to the Department of the Treasury for obligations of comparable maturity to the funds being prepaid; or

"(B) such higher rate as may be established for the prepayments under this subsection by annual appropriations or other Acts.

"(3) ELIGIBILITY.—A borrower that has prepaid a loan under this section shall remain eligible for assistance under this Act in the same manner as other borrowers are eligible, except that—

"(A) a borrower that has prepaid a loan at a discount rate as provided by paragraph (2)(A) shall not be eligible, except at the discretion of the Administrator, to receive future loans made by the Federal Financing Bank and guaranteed by the Administrator of the Rural Electrification Administration for the 60-month period beginning on the date of prepayment; and

"(B) a borrower, that has prepaid a loan at a discount rate greater than the rate provided by paragraph (2)(B) shall not be eligible, except at the discretion of the Administrator, to receive a future loan, as described in this section, except that the borrower that has prepaid an insured or direct loan prior to December 31, 1991, shall be eligible for future insured or direct loans based on the terms of the agreement made by the borrower and the Administrator at the time of the prepayment.

"(b) REFINANCING.—

"(1) IN GENERAL.—If, on the date of enactment of this section, a borrower has an outstanding loan made by the Federal Financing Bank and guaranteed by the Administrator of the Rural Electrification Administration under section 306, the borrower—

"(A) may, on providing notice to the Federal Financing Bank, refinance any outstanding long-term Federal Financing Bank loans or loan advances, or portion thereof; and

"(B) shall obtain a change in the interest rate on the Federal Financing Bank loans or loan advances, or portion thereof, from its present level to the Federal Financing Bank rate then in effect for new Federal Financing Bank loans of a maturity equal to the remaining life of the Federal Financing Bank loans or loan advances, or portion thereof, being refinanced.

"(2) FEE.—The Federal Financing Bank rate shall include a fee rate of .00126, consistent with the calculation of Federal Financing Bank rates to borrowers under this Act during fiscal year 1992.

"(c) LIEN ACCOMMODATION.—If prepayment is made under subsection (a) and the funds for the prepayment are secured from a private lender, the Administrator of the Rural Electrification Administration shall grant an equal and pro rata lien, on the total of the assets of the borrower subject to a lien under this Act, to the lender in an amount not to exceed the amount of principal prepaid, and a reasonable processing fee paid to the lender.

"(d) SUBSEQUENT REFINANCING.—Any guarantee of a loan used to make a prepayment under subsection (a) may be transferred to any loan subsequently used to refinance the loan without condition and shall be available for the remaining term originally agreed to by the Administrator.

"(e) PENALTY.—

"(1) IN GENERAL.—A penalty, as provided by this subsection, shall be paid to the Federal Financing Bank by the borrower at the time of prepayment or refinancing.

"(2) REFINANCING.—If a loan or loan advance, or any portion thereof, is refinanced as provided by subsection (b), the borrower shall pay a one-time penalty determined by multiplying—

"(A) the principal balance of each Federal Financing Bank loan or loan advance, or portion thereof, refinanced; by

"(B) one-half the difference between the annual percent interest rate on the refinancings and the annual percent interest rate at the time of refinancing of new Treasury borrowings of the same maturity as the average maturity on the Federal Financing Bank loans or loan advances, or portion thereof, being refinanced.

"(3) PREPAYMENT.—If a loan or loan advance, or any portion thereof, is prepaid as provided by subsection (a), no penalty fees shall be charged to the borrower.

"(f) NO ADDITIONAL CHARGES.—If prepayment or refinancing of a loan (or advance) is made under this section—

"(1) the amount of any such prepayment or refinancing shall be in addition to the amount of loans, loan guarantees, and other assistance provided in annual appropriations or other Acts; and

"(2) no sums in addition to the payment of the outstanding principal of the loan or loan advance, or portion thereof, being prepaid, plus accrued interest and the penalty assessed under subsection (e) for a refinancing, shall be charged, as the result of the prepayment or refinancing, against—

"(A) the borrower;

"(B) the Rural Electrification and Telephone Revolving Fund, or other fund or account used for loans, loan guarantees, or other assistance under this Act; or

"(C) the Rural Electrification Administration.".

SEC. 2. REGULATIONS.

(a) IN GENERAL.—Not later than the effective date prescribed in section 3, the Secretary of Agriculture shall issue regulations to carry out the amendment made in section 1.

(b) PREPAYMENT AND REFINANCING FACILITATION.—In issuing the regulations, the Secretary shall—

(1) facilitate prepayment and refinancing of loan advances;

(2) provide for full processing of each prepayment request within 30 days of the submission of a request to the Rural Electrification Administration;

(3) provide for full processing of each refinancing request within 10 days of the submission of a request to the Rural Electrification Administration; and

(4) except as provided in section 306A of the Rural Electrification Act of 1936, impose no restriction that increases the cost to borrowers of obtaining private financing for prepayment or inhibits the ability of the borrower to enter into prepayment and refinancing arrangements pursuant to such section.

SEC. 3. EFFECTIVE DATE.

The amendment made by section 1 shall become effective 30 days after the date of enactment of this Act.•

By Mr. MOYNIHAN (for himself, Mr. DANFORTH, and Mr. BOREN):

S. 2979. A bill to amend the Internal Revenue Code of 1986 to encourage charitable contributions and improve compliance with the rules governing the deductibility of such contributions; to the Committee on Finance.

CHARITABLE CONTRIBUTION TAX ACT

• Mr. MOYNIHAN. Mr. President, I am pleased to join with my colleagues, Senator DANFORTH and Senator BOREN, in introducing legislation that makes several important changes to the tax laws governing charitable and nonprofit institutions, and their donors.

First, the bill would repeal, on a permanent basis, the inclusion of gifts of appreciated property in the alternative minimum tax so that all donors of appreciated property will receive a deduction equal to the property's fair market value.

Prior to the Tax Reform Act of 1986, donations of appreciated property were fully deductible at their fair market value. We vigorously fought efforts to change such tax treatment, and the Senate version of that legislation did not do so. Unfortunately this was an issue on which compromise was necessary to get a bill, and the final version of the 1986 tax bill restricted appreciated property deductions under the minimum tax. The result was a precipitous decline in gifts of appreciated property, though other types of charitable giving have remained vigorous. But appreciated property gifts are a critical component of donations for educational institutions, museums, and many medical research facilities and hospitals—and these institutions have been hurt by the change.

We have already seen a dramatic turnaround in gifts for museums since partial, temporary relief was passed by Congress for gifts of tangible property—artwork, collectibles, and the like—effective for 1991 and extended through the first 6 months of 1992. We have seen a collection of Albert Einstein's letters tracing the development of the theory of relativity go to the Pierpont Morgan Library, a priceless Indianapolis racing car—a 1929 Miller 91—go to the Smithsonian, artifacts from Louis Sullivan's Chicago Stock Exchange building preserved in a museum at Notre Dame, countless paintings and sculptures to museums for public enjoyment, and on and on.

The legislation being introduced today would expand the relief for all types of property so that gifts of stock and of land would be covered. In addition, the bill provides for permanent change. It is poor tax policy to enact temporary provisions in this area, because the deadlines distort taxpayer behavior.

Second, the bill would repeal the arbitrary cap that has been imposed on the amount of tax-exempt bonds that nonprofit institutions, including colleges and universities, may issue, and would make additional changes designed to provide tax-exempt financing to private educational institutions on substantially the same basis as their public counterparts. These tax-exempt bond provisions for charitable and nonprofit organizations are identical to the provisions of S. 150, which we introduced at the beginning of this Congress.

Until passage of the tax Reform Act of 1986, public and private institutions of higher learning were treated the same way with regard to the availability of tax-exempt financing. But the 1986 act changed this by imposing a $150 million cap on the amount of bonds that a private institution may have outstanding at any time. The practical effect of this cap is to deny tax-exempt financing to large, research-oriented educational institutions most in need of capital to carry out their research mission. Twenty-four private colleges and universities are now at or near this cap, and foreclosed from using tax-exempt debt. To provide my colleagues of some idea of the implications for basic research, I would point to the fact that of the 19 private universities that rank in the top 50 in terms of volume of research, 13 have lost their tax-exempt financing as a result of the cap.

The United States is unique in the extent to which its great institutions of higher learning are roughly equally divided between public and private schools. It is a phenomenon that has clearly produced excellence—indeed, the envy of the world. We should make certain that we provide the support to insure the vigor of both sectors, and this arbitrary and discriminatory rule on tax-exempt financing does the opposite. We must change it, or in 20 years we will look up and find we have lost an aspect of American civilization of inestimable value.

Third, the bill provides that for purposes of computing the foreign tax credit and making related computations, all deductions for charitable contributions will be allocated to U.S. source income.

This proposal is designed to address a serious problem that has arisen with respect to charitable contributions made to U.S. charities that conduct foreign operations—humanitarian relief activities, U.S.-supported educational and medical institutions in foreign countries, environmental conservation projects located abroad and other worthwhile activities. Through the combined effect of a legislative change made in the Tax Reform Act of 1986—that requires certain deductions of a single member of an affiliated group of corporations to be allocated and apportioned among all members of the group—and more recently proposed Treasury regulations—that require charitable deductions to be allocated to U.S. or foreign source income depending on whether the charity uses the donation domestically or abroad—the tax benefits of many contributions to charities with significant foreign activities have been largely vitiated. This unintended effect has undermined an important source of support for charities conducting a myriad of important activities worldwide. The bill being introduced today would restore tax benefits for such contributions.

Finally, the bill contains an important new compliance measure directed toward what might be termed "quid pro quo" contributions—that is, contributions where, as part of a fundraising technique, the charitable organization provides goods or services to the donor in consideration of the donor's contribution. Under current law, a taxpayer is only entitled to deduct the amount by which his or her contribution exceeds the value of any goods or services received in consideration of the contribution. But compliance with this rule is difficult to monitor and enforce, and it appears to be disregarded often.

Accordingly, the bill would establish new substantiation and disclosure requirements. The new substantiation requirement would apply to contributions of $100 or more. In order to deduct such contributions, the taxpayer would have to substantiate them with a written acknowledgement from the donee organization, which acknowledgment would be required to state whether goods or services were provided to the taxpayer. If so, the acknowledgment would have to provide an estimate of the value of any goods or services provided to the taxpayer for the contribution, or of the amount by which the contribution exceeds the value of any such goods or services. A new disclosure requirement would apply to all contributions, regardless of size, where goods or services are provided to the donor in consideration of his or her contribution. The donee organization would have to provide information to the donor at solicitation or receipt advising that the deduction for the contribution is limited to the amount by which the contribution exceeds the value of goods or services provided by the organization, and a good faith estimate of the value of the goods or services so provided.

These new substantiation and disclosure requirements are a substantial revision of a disclosure proposal made by the Administration in the President's budget for fiscal year 1993, released last February. They are the product of extensive discussion and work with affected organizations by the Treasury Department and congressional staff. It is hoped that they will provide the level of compliance that is necessary to maintain fairness for all taxpayers in our self-assessment system.

It is of course important that whatever changes we make in the tax laws do not contribute to the deficit. These new compliance measures will raise revenues that will substantially offset the revenue losses caused by the other changes in the bill.

Mr. President, the Charitable Contribution Tax Act of 1992 makes important and needed changes in the tax laws governing charities and other nonprofit institutions. I urge my colleagues to join us in supporting its passage.

Mr. President, I ask unanimous consent that the statements of Senators DANFORTH and BOREN, and a copy of the bill, be printed in the RECORD.

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

S. 2979

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Charitable Contribution Tax Act of 1992".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. PURPOSES.

The purposes of this Act are to encourage contributions of property to charitable organizations, contributions by multinational corporations, and contributions to charitable organizations with international activities, to improve compliance with the rules governing the deductibility of such contributions, and to provide for tax treatment of 501(c)(3) bonds which is similar to governmental bonds.

SEC. 3. ALTERNATIVE MINIMUM TAX TREATMENT.

(a) REPEAL OF TAX PREFERENCE.—Subsection (a) of section 57 is amended by striking paragraph (6) (relating to the appreciated property charitable deduction under the alternative minimum tax) and by redesignating paragraph (7) as paragraph (6).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in calendar years ending on or after December 31, 1992.

SEC. 4. ALLOCATION AND APPORTIONMENT.

(a) APPLICATION OF SECTION 864(e)(6).—Section 864(e)(6) is amended by adding at the end the following new subparagraph:

"(B) ALLOCATION AND APPORTIONMENT OF CHARITABLE DEDUCTIONS.—A charitable contribution allowable as a deduction in computing taxable income for a taxable year shall be allocated and apportioned solely to gross income from sources within the United States. For purposes of the preceding sentence, all members of an affiliated group shall be treated as a single corporation."

(b) CONFORMING AMENDMENT.—Section 864(e)(6) is amended by striking "Expenses" and inserting:

"(A) AFFILIATED GROUP RULE.—Expenses".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made on or after July 1, 1993.

SEC. 5. SUBSTANTIATION REQUIREMENT FOR DEDUCTION OF CERTAIN CHARITABLE CONTRIBUTIONS.

(a) SUBSTANTIATION REQUIREMENT.—Section 170(f) (providing special rules relating to the deduction of charitable contributions and gifts) is amended by adding at the end the following new paragraph:

"(8) SUBSTANTIATION REQUIREMENT FOR CERTAIN CONTRIBUTIONS.—

"(A) GENERAL RULE.—No deduction shall be allowed under subsection (a) for any contribution of $100 or more unless the taxpayer substantiates the contribution by a contemporaneous written acknowledgment of the contribution by the donee organization that meets the requirements of subparagraph (B).

"(B) CONTENT OF ACKNOWLEDGMENT.—An acknowledgment meets the requirements of this subparagraph (B) if it provides information sufficient to substantiate the amount of the deductible contribution. If the contribution was made by means of a payment part of which constituted consideration for goods or services provided by the donee organization, the acknowledgment must provide a good faith estimate of the value of such goods or services.

"(C) CONTEMPORANEOUS.—For purposes of subparagraph (A), an acknowledgment shall be considered to be contemporaneous if the taxpayer obtains the acknowledgment on or before the earlier of—

"(i) the date on which the taxpayer files a return for the taxable year in which the contribution was made, or

"(ii) the due date (including extensions) for filing such return.

"(D) SUBSTANTIATION NOT REQUIRED FOR CONTRIBUTIONS REPORTED BY THE DONEE ORGANIZATION.—Subparagraph (A) shall not apply to a contribution if the donee organization files a return, on such form and in accordance with such regulations as the Secretary may prescribe, which includes the information described in subparagraph (B) with respect to the contribution.

"(E) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations that may provide that some or all of the requirements of this paragraph do not apply in appropriate cases."

(b) EFFECTIVE DATE.—The provisions of this section shall apply to contributions made on or after January 1, 1993.

SEC. 6. DISCLOSURE RELATED TO QUID PRO QUO CONTRIBUTIONS.

(a) DISCLOSURE REQUIREMENT.—Subchapter B of chapter 61 (relating to information and returns) is amended by redesignating section 6115 as section 6116 and by inserting after section 6114 the following new section:

"SEC. 6115. DISCLOSURE RELATED TO QUID PRO QUO CONTRIBUTIONS.

"(a) DISCLOSURE REQUIREMENT.—If an organization described in section 170(c) (other than paragraph (1) thereof) receives a quid pro quo contribution, the organization shall, in connection with the solicitation or receipt of the contribution—

"(1) inform the donor that the amount of the contribution that is deductible for Federal income tax purposes is limited to the excess of the amount of any money and the value of any property other than money contributed by the donor over the value of the goods or services provided by the organization, and

"(2) provide the donor with a good faith estimate of the value of such goods or services.

"(b) QUID PRO QUO CONTRIBUTION.—For purposes of this section, the term 'quid pro quo contribution' means a payment made partly as a contribution and partly in consideration for goods or services provided to the payor by the donee organization."

(b) PENALTY FOR FAILURE TO DISCLOSE.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6713 the following new section:

"SEC. 6714. FAILURE TO MEET DISCLOSURE REQUIREMENTS APPLICABLE TO QUID PRO QUO CONTRIBUTIONS.

"(a) IMPOSITION OF PENALTY.—If an organization fails to meet the disclosure requirement of section 6115 with respect to a quid

pro quo contribution, such organization shall pay a penalty of $10 for each contribution in respect of which the organization fails to make the required disclosure, except that the total penalty imposed by this subsection with respect to a particular fundraising event or mailing shall not exceed $5,000.

"(b) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause."

(c) CLERICAL AMENDMENTS.—

(1) The table for subchapter B of chapter 61 is amended by striking the item relating to section 6115 and inserting the following new item:

"Sec. 6115. Disclosure related to quid pro quo contributions.

"Sec. 6116. Cross reference."

(2) The table for part I of subchapter B of chapter 68 is amended by inserting after the item for section 6713 the following new item:

"Sec. 6714. Failure to meet disclosure requirements applicable to quid pro quo contributions."

(d) EFFECTIVE DATE.—The provisions of this section shall apply to quid pro quo contributions made on or after January 1, 1993.

SEC. 7. TAX TREATMENT OF 501(c)(3) BONDS SIMILAR TO GOVERNMENTAL BONDS.

(a) IN GENERAL.—Subsection (a) of section 150 (relating to definitions and special rules) is amended by striking paragraphs (2) and (4), by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) EXEMPT PERSON.—

"(A) IN GENERAL.—The term 'exempt person' means—

"(i) a governmental unit, or

"(ii) a 501(c)(3) organization, but only with respect to its activities which do not constitute unrelated trades or businesses as determined by applying section 513(a).

"(B) GOVERNMENTAL UNIT NOT TO INCLUDE FEDERAL GOVERNMENT.—The term 'governmental unit' does not include the United States or any agency or instrumentality thereof.

"(C) 501(c)(3) ORGANIZATION.—The term '501(c)(3) organization' means any organization described in section 501(c)(3) and exempt from tax under section 501(a)."

(b) REPEAL OF QUALIFIED 501(c)(3) BOND DESIGNATION.—Section 145 (relating to qualified 501(c)(3) bonds) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 141(b) is amended—

(A) by striking "government use" in subparagraph (A)(ii)(I) and subparagraph (B)(ii) and inserting "exempt person use",

(B) by striking "a government use" in subparagraph (B) and inserting "an exempt person use",

(C) by striking "related business use" in subparagraph (A)(ii)(II) and subparagraph (B) and inserting "related private business use",

(D) by striking "RELATED BUSINESS USE" in the heading of subparagraph (B) and inserting "RELATED PRIVATE BUSINESS USE", and

(E) by striking "GOVERNMENT USE" in the heading thereof and inserting "EXEMPT PERSON USE".

(2) Subparagraph (A) of section 141(b)(6) is amended by striking "a governmental unit" and inserting "an exempt person".

(3) Paragraph (7) of section 141(b) is amended—

(A) by striking "government use" and inserting "exempt person use", and

(B) by striking "GOVERNMENT USE" in the heading thereof and inserting "EXEMPT PERSON USE".

(4) Section 141(b) is amended by striking paragraph (9).

(5) Paragraph (1) of section 141(c) is amended by striking "governmental units" and inserting "exempt persons".

(6) Section 141 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) CERTAIN ISSUES USED TO PROVIDE RESIDENTIAL RENTAL HOUSING FOR FAMILY UNITS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), for purposes of this title, the term 'private activity bond' includes any bond issued as part of an issue if any portion of the net proceeds of the issue are to be used (directly or indirectly) by an exempt person described in section 150(a)(2)(A)(ii) to provide residential rental property for family units.

"(2) EXCEPTION FOR BONDS USED TO PROVIDE QUALIFIED RESIDENTIAL RENTAL PROJECTS.—Paragraph (1) shall not apply to any bond issued as part of an issue if the portion of such issue which is to be used as described in paragraph (1) is to be used to provide—

"(A) a residential rental property for family units if the first use of such property is pursuant to such issue,

"(B) qualified residential rental projects (as defined in section 142(d)), or

"(C) property which is to be substantially rehabilitated in a rehabilitation beginning within the 2-year period ending 1 year after the date of the acquisition of such property.

"(3) SUBSTANTIAL REHABILITATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), rules similar to the rules of section 47(c)(1)(C) shall apply in determining for purposes of paragraph (2)(C) whether property is substantially rehabilitated.

"(B) EXCEPTION.—For purposes of subparagraph (A), clause (ii) of section 47(c)(1)(C) shall not apply, but the Secretary may extend the 24-month period in section 47(c)(1)(C)(i) where appropriate due to circumstances not within the control of the owner.

"(4) CERTAIN PROPERTY TREATED AS NEW PROPERTY.—Solely for purposes of determining under paragraph (2)(A) whether the 1st use of property is pursuant to tax-exempt financing—

"(A) IN GENERAL.—If—

"(i) the 1st use of property is pursuant to taxable financing,

"(ii) there was a reasonable expectation (at the time such taxable financing was provided) that such financing would be replaced by tax-exempt financing, and

"(iii) the taxable financing is in fact so replaced within a reasonable period after the taxable financing was provided,

then the 1st use of such property shall be treated as being pursuant to the tax-exempt financing.

"(B) SPECIAL RULE WHERE NO OPERATING STATE OR LOCAL PROGRAM FOR TAX-EXEMPT FINANCING.—If, at the time of the 1st use of property, there was no operating State or local program for tax-exempt financing of the property, the 1st use of the property shall be treated as pursuant to the 1st tax-exempt financing of the property.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) TAX-EXEMPT FINANCING.—The term 'tax-exempt financing' means financing provided by tax-exempt bonds.

"(ii) TAXABLE FINANCING.—The term 'taxable financing' means financing which is not tax-exempt financing."

(7) Section 141(f), as redesignated by paragraph (6), is amended—

(A) by adding "or" at the end of subparagraph (E),

(B) by striking ", or" at the end of subparagraph (F), and inserting in lieu thereof a period, and

(C) by striking subparagraph (G).

(8) The last sentence of section 144(b)(1) is amended by striking "(determined" and all that follows to the period.

(9) Clause (ii) of section 144(c)(2)(C) is amended by striking "governmental unit" and inserting "exempt person".

(10) Section 146(g) is amended—

(A) by striking paragraph (2), and

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(11) The heading of section 146(k)(3) is amended by striking "GOVERNMENTAL" and inserting "EXEMPT PERSON".

(12) The heading of section 146(m) is amended by striking "GOVERNMENT" and inserting "EXEMPT PERSON".

(13) Subsection (h) of section 147 is amended to read as follows:

"(h) CERTAIN RULES NOT TO APPLY TO MORTGAGE REVENUE BONDS AND QUALIFIED STUDENT LOAN BONDS.—Subsections (a), (b), (c), and (d) shall not apply to any qualified mortgage bond, qualified veterans' mortgage bond, or qualified student loan bond."

(14) Section 147(b) is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).

(15) Subparagraph (F) of section 148(d)(3) is amended—

(A) by striking "or which is a qualified 501(c)(3) bond", and

(B) by striking "GOVERNMENTAL USE BONDS AND QUALIFIED 501(C)(3)" in the heading thereof and inserting "EXEMPT PERSON".

(16) Subclause (II) of section 148(f)(4)(B)(ii) is amended by striking "(other than a qualified 501(c)(3) bond)".

(17) Clause (iv) of section 148(f)(4)(C) is amended—

(A) by striking "a governmental unit or a 501(c)(3) organization" each place it appears and inserting "an exempt person", and

(B) by striking "qualified 501(c)(3) bonds,".

(18) Subparagraph (A) of section 148(f)(7) is amended by striking "(other than a qualified 501(c)(3) bond)".

(19) Paragraph (2) of section 149(d) is amended—

(A) by striking "(other than a qualified 501(c)(3) bond)", and

(B) by striking "CERTAIN PRIVATE" in the heading thereof and inserting in lieu thereof "PRIVATE".

(20) Section 149(e)(2) is amended—

(A) by striking "which is not a private activity bond" in the second sentence and inserting "which is a bond issued for an exempt person described in section 150(a)(2)(A)(i)", and

(B) by adding at the end thereof the following new sentence: "Subparagraph (D) shall not apply to any bond which is not a private activity bond but which would be such a bond if the 501(c)(3) organization using the proceeds thereof were not an exempt person."

(21) The heading of subsection (b) of section 150 is amended by striking "TAX-EXEMPT PRIVATE ACTIVITY BONDS" and inserting "CERTAIN TAX-EXEMPT BONDS".

(22) Paragraph (3) of section 150(b) is amended—

(A) by inserting "owned by a 501(c)(3) organization" after "any facility" in subparagraph (A),

(B) by striking "any private activity bond which, when issued, purported to be a tax-exempt qualified 501(c)(3) bond" in subparagraph (A) and inserting "any bond which, when issued, purported to be a tax-exempt bond, and which would be a private activity bond if the 501(c)(3) organization using the proceeds thereof were not an exempt person", and

(C) by striking the heading thereof and inserting "BONDS FOR EXEMPT PERSONS OTHER THAN GOVERNMENTAL UNITS.—".

(23) Paragraph (5) of section 150(b) is amended—

(A) by striking "private activity" in subparagraph (A),

(B) by inserting "and which would be a private activity bond if the 501(c)(3) organization using the proceeds thereof were not an exempt person" after "tax-exempt bond" in subparagraph (A),

(C) by striking subparagraph (B) and inserting the following new subparagraph:

"(B) such facility is required to be owned by an exempt person, and", and

(D) by striking "GOVERNMENTAL UNITS OR 501(C)(3) ORGANIZATIONS" in the heading thereof and inserting "EXEMPT PERSONS".

(24) Section 150 is amended by adding at the end thereof the following new subsection:

"(f) CERTAIN RULES TO APPLY TO BONDS FOR EXEMPT PERSONS OTHER THAN GOVERNMENTAL UNITS.—

"(1) IN GENERAL.—Nothing in section 103(a) or any other provision of law shall be construed to provide an exemption from Federal income tax for interest on any bond which would be a private activity bond if the 501(c)(3) organization using the proceeds thereof were not an exempt person unless such bond satisfies the requirements of subsections (b) and (f) of section 147.

"(2) SPECIAL RULE FOR POOLED FINANCING OF 501(C)(3) ORGANIZATION.—

"(A) IN GENERAL.—At the election of the issuer, a bond described in paragraph (1) shall be treated as meeting the requirements of section 147(b) if such bond meets the requirements of subparagraph (B).

"(B) REQUIREMENTS.—A bond meets the requirements of this subparagraph if—

"(i) 95 percent or more of the net proceeds of the issue of which such bond is a part are to be used to make or finance loans to 2 or more 501(c)(3) organizations or governmental units for acquisition of property to be used by such organizations,

"(ii) each loan described in clause (i) satisfies the requirements of section 147(b) (determined by treating each loan as a separate issue),

"(iii) before such bond is issued, a demand survey was conducted which shows a demand for financing greater than an amount equal to 120 percent of the lendable proceeds of such issue, and

"(iv) 95 percent or more of the net proceeds of such issue are to be loaned to 501(c)(3) organizations or governmental units within 1 year of issuance and, to the extent there are any unspent proceeds after such 1-year period, bonds issued as part of such issue are to be redeemed as soon as possible thereafter (and in no event later than 18 months after issuance).

A bond shall not meet the requirements of this subparagraph if the maturity date of any bond issued as part of such issue is more than 30 years after the date on which the bond was issued (or, in the case of a refunding or series of refundings, the date on which the original bond was issued)."

(25) Section 1302 of the Tax Reform Act of 1986 is repealed.

(26) Subparagraph (C) of section 57(a)(5) is amended by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively.

(27) Paragraph (3) of section 103(b) is amended by inserting "and section 150(f)" after "section 149".

(28) Paragraph (3) of section 265(b) is amended—

(A) by striking clause (ii) of subparagraph (B) and inserting the following:

"(ii) CERTAIN BONDS NOT TREATED AS PRIVATE ACTIVITY BONDS.—For purposes of clause (i)(II), there shall not be treated as a private activity bond any obligation issued to refund (or which is part of a series of obligations issued to refund) an obligation issued before August 8, 1986, which was not—

"(I) an industrial development bond (as defined in section 103(b)(2) as in effect on the day before the date of the enactment of the Tax Reform Act of 1986), or

"(II) a private loan bond (as defined in section 103(o)(2)(A), as so in effect, but without regard to any exemption from such definition other than section 103(o)(2)(A))."; and

(B) by striking "(other than a qualified 501(c)(3) bond, as defined in section 145)" in subparagraph (C)(ii)(I).

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) IN GENERAL.—The amendments made by this section shall apply to bonds issued after December 31, 1992.

(2) SPECIAL RULE FOR CERTAIN BONDS ISSUED AFTER DATE OF ENACTMENT.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any bond which—

(i) is issued after the date of the enactment of this Act, and

(ii) is part of an issue which is subject to any transitional rule under subtitle B of title XIII of the Tax Reform Act of 1986.

(B) ELECTION OUT.—This paragraph shall not apply to any issue with respect to which the issuer elects not to have this paragraph apply.•

• Mr. DANFORTH. Mr. President, with my distinguished colleague, Senator MOYNIHAN, I am introducing a bill today that is very important to the well-being of charitable organizations, colleges, and universities.

Our bill would expand and make permanent the rule which permits taxpayers to except from the Alternative Minimum Tax gifts of appreciated property. Further, it would remove the $150 million limitation on outstanding tax-exempt bonds imposed on private colleges and universities and allow multinational charitable donors to offset their U.S. source income with charitable deductions. To pay for these provisions, the bill would improve compliance with rules governing the deductibility of such contributions.

EXCEPTING GIFTS OF APPRECIATED PROPERTY FROM THE AMT

Prior to the Tax Reform Act of 1986, donors were able to deduct the full market value of charitable gifts of appreciated property, subject to the limitation that the deduction could not exceed 30 percent of adjusted gross income in any 1 year. The 1986 Tax Act required taxpayers to include the appreciation portion of the gift in AMT. In effect, this provision prevented many donors from receiving full deductibility. This provision was repealed for contributions of tangible personal property made in 1991, and the repeal was extended through June 1992.

Members of both Houses of Congress and the administration recognize the need to repeal the provision requiring the appreciation portion of these gifts to be included in AMT. The administration proposed repeal for all gifts of appreciated property in its fiscal year 1993 budget. H.R. 4210, a bill passed by both the Senate and the House of Representatives, contained a provision excepting all gifts of appreciated property from the AMT. This bill was vetoed for other reasons earlier this year. H.R. 3040, considered by the Finance Committee this month, contained a provision excepting all gifts of appreciated property from the AMT. Most recently, the Ways and Means Committee reported out a bill that includes a provision identical to that contained in H.R. 3040.

Gifts of appreciated property are among the most important sources of charitable donations to colleges, universities, cultural and conservation organizations, hospitals, and social service groups. For many such organizations, gifts of appreciated property have declined since 1986. Studies by the American Association of Museums, the Association of Art Museum Directors, and the National Bureau of Economic Research have reported a substantial decline in donations of appreciated property since passage of the Tax Reform Act of 1986.

According to the Land Trust Alliance, anecdotal evidence indicates that many gifts of land and conservation easements are being lost because of the AMT. Service organizations such as the Salvation Army and the Council of Jewish Federations also report the loss of gifts of appreciated property because of the uncertainty and complexity of the AMT. The U.S. Conference of Mayors recently added its voice to those requesting removal of all gifts of appreciated property from the AMT. In June 1991, the group adopted a resolution that notes that local governments have also suffered a loss of gifts of appreciated property as a result of the 1986 Tax Act.

I sincerely hope Congress and the administration will act to ensure that the AMT exception for gifts of appreciated property is enacted as part of the next tax legislation. We need a permanent exclusion of all gifts of appreciated property from the AMT, so that donors can once again be free to contribute to philanthropic organizations without the threat of falling prey to the complicated AMT.

TAX-EXEMPT BOND LIMIT

In the Tax Reform Act of 1986, Congress limited the amount of tax-ex-

empt bonds that can be issued by private colleges and universities to $150 million. This bill would remove the $150 million limitation and generally treat these bonds in a manner similar to those of public colleges and universities.

The $150 million cap arbitrarily restricts access to affordable capital for institutions at or near the cap. Much of the impact falls on major research institutions. Of the top 50 research institutions—based on research conducted in the country—19 are private; 13 of these have reached the $150 million limit.

Research is now a capital-intensive undertaking. Yet, the bond cap restricts capital for the institutions that need it most. It is estimated that nearly 40 percent of all private research facilities are in need of repair. The National Science Foundation has reported that for every $1 spent to maintain research facilities in 1990, an additional $4.25 was deferred, and that for every $1 spent to construct new science facilities, $3.11 was deferred.

To illustrate the effect of the bond cap, consider the following examples. At Vanderbilt University, a planned medical research building is expected to cost $32 million and will house one of the Nation's leading programs to develop new drugs. Research in this program has just led to the discovery of a new class of compounds to treat high blood pressure and cancer. The university was advised by its underwriters that borrowing for the facility in the taxable market would increase the cost of the project over a 30-year loan by approximately $15 million. This money could be better used for actual research.

Because the University of Southern California had to turn to taxable financing to complete needed repairs, its financing costs were increased $3.5 million in the first year alone, and nearly $30 million over the life of the issue. According to the university, that $3.5 million turns into nearly $150 in extra tuition per student.

This year the University of Chicago is beginning construction of a new science teaching center, which will be financed by taxable bonds because the university has hit the bond cap. According to the univerity, the more costly financing will result in delays for other renovations and construction that are badly needed.

The University of Miami issued $72 million in bonds for construction and renovation of a physics building, cancer clinic, and medical science building, along with other general renovations and repairs. Because the university had reached its cap, the construction cost increased an estimated $1.45 million per year, or $35 million over the life of the bond issue and the university still has over $4 million in deferred maintenance and $20 million of renovations to finance.

Numerous other projects have been adversely affected by the bond cap. At a time when educational institutions face serious financial pressure—departments being eliminated, faculty-student ratios decreasing, Federal and State grants cut back, and the costs of capital increasing—Congress should not contribute to the problem by restricting their access to capital.

ALLOCATION AND APPORTIONMENT OF CHARITABLE CONTRIBUTIONS

A taxpayer's charitable deductions generally are ratably allocated and apportioned between U.S. source and foreign source gross income. In March 1991 the Treasury Department issued proposed regulations to modify the pro rata rule by providing for specific allocation of charitable deductions to the United States or foreign source income of a taxpayer, based on whether the charity used the funds within or outside the United States. This rule was extensively criticized by the public and Members of Congress because it provides greater benefit to donors for contributions to domestic charitable activities than to international charitable activities.

Charities with international activities will likely be substantially disadvantaged by the proposed regulation. Requiring that a charitable deduction be allocated entirely to foreign-source income effectively eliminates any tax benefit from the deduction if the taxpayer has excess foreign tax credits—which is the case for many U.S. multinational corporations. A very important source of contributions for these charities will lose all tax benefits for such gifts. Along with 11 colleagues on the Finance Committee, I voiced my concern over this result in a letter to Secretary Brady in July. The result of the rule is neither fair nor appropriate, and is not in the public interest.

Charities adversely affected by the proposed rule are involved in crucial humanitarian relief efforts worldwide, in American-sponsored schools and hospitals abroad, and in projects to protect the global environment. AmeriCares, a U.S. charity which distributes medicine and medical supplies overseas, reports that a multinational corporation that made over $4 million worth of donations in 1991 has been advised by its contribution committee to halt all donations unless and until the regulation is withdrawn. There is no telling how much other charitable giving has been stifled.

I believe Congress should state firmly its support for these international humanitarian relief organizations. This bill wold permanently fix the inequity existing in the current regulation by allowing multinationals to allocate all charitable contribution deductions to U.S. source gross income.

SUBSTANTIATION AND DISCLOSURE REQUIREMENTS FOR CHARITABLE CONTRIBUTIONS

Realizing that current budget rules require all revenue losing proposals to be offset by revenue raising proposals, this bill pays for its provisions by strengthening the substantiation and disclosure requirements regarding charitable contributions.

The bill would require taxpayers to obtain acknowledgement from the donee organization for all contributions of $100 or more in order to claim a deduction. Where a taxpayer receives goods or services from the donee organization as consideration for all or part of the contribution, the donee must provide acknowledgement of the gift and an estimate of the value of the goods and services provided. This is true regardless of the value of the contribution. These quid pro quo contributions present significant problems of tax administration and the risk of substantial losses of tax revenue. The bill will address these concerns without imposing an undue hardship on donee organizations.

Finally, I would like to personally thank the Treasury Department, and specifically Fred Goldberg, for working so diligently with Members of Congress and the charitable community during the crafting of this package. This package is the product of lengthy discussion between those parties effected by its provisions and policymakers in Congress and the Treasury. An earlier version of some of the proposals in this bill appeared in the President's 1993 budget. The charitable community was concerned about certain provisions in the reporting requirements area. Mr. Goldberg listened to the views of the charitable community and took primary responsibility for addressing their concerns. The charitable community and Members of Congress who are interested in seeing these provisions become law are very appreciative of Mr. Goldberg and his staff's efforts.

I urge my colleagues to act quickly to pass this bill.●

● Mr. BOREN. Mr. President, I am pleased to join with my colleagues, Senator DANFORTH and Senator MOYNIHAN, in introducing the Charitable Contribution Tax Act of 1992. One of the extraordinary characteristics of the American people has been our commitment to enhancing the quality of community life through private charitable giving. We have shared a belief that we are obligated to improve society through the challenge of superior higher education, the protection of certain land and wildlife, and the preservation of our cultural heritage—and those who have sufficient resources have acted on that belief by contributing their talents, their time, and their money to worthy causes.

Government must not stand in the way of achieving these goals; instead, it has a role to play in the charitable process. An effective and appropriate method of Government involvement occurs through the use of the Tax Code to encourage charitable giving and to

sustain philanthropic activities. The legislation that we introduce today includes three such provisions. I have long been a supporter of all three initiatives, and I have been heartened by the recent support they have received in both houses of Congress and in the administration.

The first provision is identical to legislation that I introduced early in this session and similar to provisions that have been passed by both the House Ways and Means Committee and the Senate Finance Committee. Indeed, in March the Congress voted to repeal temporarily the alternative minimum tax preference for charitable gifts of appreciated tangible and intangible property. While I am convinced that any tax legislation passed by Congress in the near future will contain this temporary provision, this act demonstrates that permanent repeal is possible.

Not only is permanent repeal possible, it is absolutely crucial to sustain those sectors of our society that depend heavily on philanthropy for support. Eighty percent of the collections in American museums are the result of donations of appreciated assets that are part of our cultural heritage. Land conservation groups depend on gifts of appreciated land to help conserve open space for public enjoyment and protection of important wildlife. We simply cannot allow this Nation's great institutions of art, learning, and science to languish because our Tax Code punishes the generosity of benevolent Americans.

I am troubled that the limited, temporary repeal of the AMT preference treatment for charitable gifts of tangible personal property expires today. This expiration will have a real and substantial effect on the ability of charitable institutions to improve society. A recent survey compared donations in 1990, when the Tax Code did not allow favorable treatment for gifts of appreciated personal property, to donations in 1991. This study revealed an increase of 541 percent in the value of donated items.

Imagine the outpouring of charitable contributions to schools, museums, and environmental organizations that will result from an expansion of this repeal to include all tangible and intangible property. Conversely, imagine the constriction of these gifts that will inevitably occur from our inability to act quickly and decisively before the current provision expires. I again urge my colleagues to join with us to pass this important tax provision as speedily as we can.

This act contains two other important provisions to encourage charitable giving. First, many of us have grown increasingly convinced that the Tax Reform Act of 1986 changed the Tax Code in a variety of undesirable and unwise ways. One of those mistakes was the imposition of a $150 million cap on the amount of tax-exempt bonds that private colleges and universities can issue.

Our institutions of higher learning play a unique and valuable role in providing education and research that benefit our society in profound ways. Every day we read accounts of scientific research conducted by colleges and universities that promise treatments and eventual cures to diseases that threaten our lives and the lives of our children. Universities provide an environment for the next generation to consider the challenges of tomorrow in the context of the wisdom and guidance of philosophers, authors, and historians of the yesterday and today.

Both private and public institutions have invaluable roles to play in this process. The cap on tax-exempt bonds restricts our private universities' access to capital and stunts their ability to fund important research in the sciences and the humanities. The cap also causes such institutions to defer or cancel capital projects that can represent jobs and investment for many communities. Repeal of the $150 million cap is crucial.

Finally, the Charitable Contribution Tax Act allows for full domestic allocation of charitable deductions. This provision was proposed by the administration this winter and responds to widespread dissatisfaction with both the current pro rata allocation and a proposed change in that apportionment rule. Currently, a taxpayer's charitable deductions are allocated ratably between U.S. source income and foreign source income. Many argue that this formula discourages gifts by some of the most generous donors—U.S. multinational corporations that have excess foreign tax credits and thus cannot receive the full tax benefit of any deductions allocated to foreign source income.

In March 1991, the Treasury Department proposed to modify this allocation rule by apportioning a deduction to United States or foreign source income to the extent that the deduction is used solely inside or outside the United States. This modification has been criticized as providing a greater incentive for contributions to charities with domestic activities than to charities with substantial international activities. Worthy charities—many that are involved in crucial humanitarian relief efforts worldwide, in American-sponsored schools and hospitals abroad, and in nature-saving projects to protect the global environment—do their primary work abroad and fear that the proposed apportionment would hinder their abilities to discharge their missions. Indeed, one U.S. charity, AmeriCares, which distributes medicine and medical supplies overseas, reported that a company that made over 4 million dollars' worth of in-kind donations in the first half of 1991 had been advised by its contribution committee to halt all donations unless the proposed regulation is withdrawn.

This act allocates all charitable deductions to a taxpayer's domestic source income. Taxpayers will no longer have to base their charitable-giving decisions in part on whether they have excess foreign tax credits. Instead, they can make their contributions on the basis of the objectives and activities of the charitable organization or educational institution.

Mr. President, this act is a comprehensive tax package designed to address a variety of concerns. It is noteworthy as well because it provides a method to pay for these tax incentives, and it raises sufficient revenue by imposing a substantiation requirement that is not unduly burdensome on the charitable sector. I urge my colleagues to study this legislation and to act quickly to ensure that philanthropic and educational institutions in our country continue to flourish and enhance the quality of our lives.●

By Mr. INOUYE (for himself, Mr. LUGAR, Mr. BOREN, Mr. GORTON, Mr. CRAIG, Mr. SEYMOUR, Mr. COHEN, Mr. COCHRAN, Mr. GRAHAM, Mr. MACK, Mr. CONRAD, Mr. SPECTER, and Mr. GARN)

S. 2980. A bill to amend the Federal Insecticide, Fundgicide, and Rodenticide Act with respect to minor use of pesticides; to the Committee on Agriculture, Nutrition, and Forestry.

MINOR CROP PROTECTION ASSISTANCE ACT

● Mr. INOUYE. Mr. President I rise to amend the Federal Insecticide, Fungicide, and Rodenticide Act with respect to minor use of pesticides. This measure seeks to remedy a pest control problem—but unlike most others, this problem does not relate to health and environmental safety—it is an economic issue.

As you know, practically all crops produced in this country are considered minor crops by the currently held definition of a minor crop. The only crops not considered to be minor crops are corn, wheat, soybeans, and cotton. In my State of Hawaii, the latest agricultural statistics list over 35 crops that are produced commercially. These figures do not include the many niche market crops that cannot be included because they may disclose confidential information in the statistical reporting. Included in the 35 reported crops are relatively large acres of sugar and pineapple. All crops in Hawaii are classified as minor crops.

You may question why minor crops and minor uses are worthy of special assistance. First of all, these commodities account for a significant portion of our nation's agricultural economy and agricultural exports. Secondly, these fruits and vegetables are vital components of a nutritional and varied diet for all Americans.

So, what is the problem? The pesticide re-registration process, mandated by the 1988 amendments to the Federal Insecticide, Fungicide and Rodenticide Act, is very expensive. Often, the cost of providing data to the Environmental Protection Agency [EPA] far exceeds any profit from sales of the minor use pesticides. Safe minor use registrations cannot be justified and are therefore being cancelled.

The EPA and the U.S. Department of Agriculture has recognized the minor use problem for many years. In fact, a 1980 policy statement of the EPA explains the situation quite well. It said, "We recognize that, ideally, the marketplace should take care of minor uses as it does other pesticide uses; that is, the laws of supply and demand should determine which of those surface and survive, and which do not. However, because of market imperfections—caused in part by this Agency and its regulatory intervention to ensure that minor and other pesticide uses do not cause unreasonable adverse effects—it is clear that many needed minor uses would never enter or stay on the market without some special attention. Even though the costs to society of losing or doing without pesticide minor uses would undoubtedly be significant, the private costs of developing, registering and maintaining minor uses also are disproportionately high, compared with the potential profits from these uses. The EPA and Congress recognize that minor uses provided social benefits by ensuring continued diversity in this country's supplies of food and fiber. Thus, as a matter or policy we will give special attention to minor uses in all aspects of the EPA's Office of Pesticide Program's activities."

Unfortunately, the EPA's policy has not been enough to stem the increasing number of voluntary cancellations of safe pesticide uses. The legislation we are introducing includes several initiatives which will preserve the availability of many safe minor uses and encourage the development of nonchemical pest management tools. These provisions include: waiving certain data requirements if a pesticide's use does not present an unreasonable risk to human health or the environment; granting extensions for developing data in certain cases; requiring expedited review of applications for registration for minor crop uses; and using data from similar pesticide uses whose registration has been allowed to lapse for economic reasons. In no instance would these mechanisms be allowed if the EPA's Administrator determined that the pesticide poses an unreasonable adverse risk to human health or the environment, or where missing data are essential for making such a determination.

The concern for minor crop protection is not new. I have long supported the Inter-Regional Research project referred to as IR-4 and was an original sponsor of that portion of the 1990 farm bill to establish this project on a more permanent basis. This latter provision required the Secretary of Agriculture to establish an IR-4 Program to assist in the collection of residue and efficacy data in support of the registration or reregistration of minor use chemicals. The bill I introduce today builds on this concept and provides the resources needed to ensure continuation of a safe and abundant food supply for American consumers.

I note that my bill offers support for chemical as well as nonchemical pest control methods. I have long supported integrated pest management approaches which include judicious use of chemicals in concert with management practices and biological controls. Not only are such measures kinder to the environment but provide relief from the increasingly prevalent pesticide resistance of insects and other organisms.

I urge my colleagues to support this amendment.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 2980

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCE.

(a) SHORT TITLE.—This Act may be cited as the "Minor Crop Protection Assistance Act of 1992".

(b) REFERENCES.—Except as otherwise specifically provided, whenever in this Act a section is amended, repealed, or referenced, the amendment, repeal, or reference shall be considered to be made to that section of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 121 et seq.).

SEC. 2. FINDINGS.

Congress finds that—

(1) many of the uses of crop protection chemicals for fruits, nuts, vegetables, ornamentals, and other speciality crops are minor uses in that the potential return on the cost of producing data necessary to support the registration of the chemicals is not sufficient;

(2) certain limited uses of crop protection chemicals on large acreage crops that are critical to maintain integrated pest management programs for geographically or climatically restricted pests also lack economic incentives necessary to support their continued availability;

(3) the production of the crops protected by the chemicals referred to in paragraphs (1) and (2) is important to preserve the public health of American citizens, to ensure a varied and healthy diet, and to support a viable domestic farm economy; and

(4) incentives are necessary to ensure that certain minor use crop protection chemicals critical to the continued production of various crops are available.

SEC. 3. MINOR USE.

Section 2 (7 U.S.C. 136) is amended by adding at the end the following new subsection:

"(hh) MINOR USE.—The term 'minor use' means the use of a pesticide on a commercial agricultural crop or site where—

"(1)(A) the total United States acreage for the crop is less than 300,000 acres;

"(B) the acreage expected to be treated as a result of that use is less than 300,000 acres annually or the agricultural crop expected to be treated represents production from less than 300,000 acres annually; or

"(C) the use does not provide sufficient economic incentive to support the initial registration or continuing registration for the use; and

"(2) the Administrator has not determined that, based on existing data, the use presents an unreasonable adverse effect on the environment.".

SEC. 4. MINOR USE WAIVER.

Section 3(c)(2) (7 U.S.C. 136a(c)(2)) is amended by adding at the end the following new subparagraph:

"(E) In handling the registration of a pesticide for a minor use, the Administrator may waive otherwise applicable data requirements if the Administrator determines that the absence of the data will not prevent the Administrator from determining—

"(i) the incremental risk presented by the minor use of the pesticide; and

"(ii) that the risks, if any, would not have an unreasonable adverse effect on the environment.".

SEC. 5. EXCLUSIVE DATA USE.

Section 3(c)(1)(F) (7 U.S.C. 136a(c)(1)(F)) is amended—

(1) by redesignating clause (iii) as clause (iv); and

(2) by inserting after clause (ii) the following new clause:

"(iii) With respect to data submitted after the date of the enactment of this clause by an applicant or registrant to support an amendment adding a new use to an existing registration, to support or maintain in effect an existing registration, or to support a reregistration, if the data relates solely to a minor use of a pesticide, the data shall not, without the written permission of the original data submitter, be considered by the Administrator to support an application for a minor use by another person during a period of 10 years following the date of submission of the data. If the minor use registration that is supported by data submitted pursuant to this subsection is voluntarily canceled or if such data are subsequently used to support a non-minor use, the data shall no longer be subject to the exclusive use provisions of this clause but shall instead be considered by the Administrator in accordance with clause (i) or (ii), as appropriate.".

SEC. 6. EXPEDITING MINOR USE REGISTRATIONS.

Section 3(c)(3) (7 U.S.C. 136a(c)(3)) is amended by adding at the end the following new subparagraphs:

"(C)(i) The Administrator shall, as expeditiously as possible, review and act on any application—

"(I) that proposes the initial registration of a new pesticide active ingredient if the active ingredient is proposed to be registered solely for minor uses or for non-minor uses and significant minor uses; or

"(II) for a registration amendment that proposes a new minor use for an existing pesticide.

"(ii) For the purposes of clause (i):

"(I) The term 'as expeditiously as possible' means that the Administrator shall complete a review and evaluation of all data submitted with the application no later than 6 months after the submission of the application.

"(II) The term 'significant minor uses' means 3 or more minor uses proposed for every nonminor use, a minor use that would, in the judgment of the Administrator, serve as a replacement for any use that has been canceled in the 5 years preceding the receipt of the application, or a minor use that in the opinion of the Administrator would avoid the reissuance of an emergency exemption under section 18 for that minor use.

"(D) If a registrant makes a good faith request for a minor use waiver regarding data required by the Administrator pursuant to paragraph (2)(B), and if the Administrator denies in whole or in part the data waiver request, the registrant shall have a full time period for providing the data. The full time period extension shall not be available if the Administrator determines that the data waiver request was not made in good faith. Any determination by the Administrator that a data waiver request was not submitted in good faith shall be made in writing to the registrant and shall be subject to judicial review under the procedures prescribed by section 16(b).".

SEC. 7. TIME EXTENSIONS FOR DEVELOPMENT OF MINOR USE DATA.

(a) DATA CALL-IN.—Section 3(c)(2)(B) (7 U.S.C. 136a(c)(2)(B)) is amended by adding at the end the following new clause:

"(vi)(I) On the request of a registrant, the Administrator shall extend the deadline for the production of data under this subsection for data required solely to support a minor use of a pesticide up to 4 years if—

"(aa) the registrant of the pesticide is providing, or has provided, data to support other uses of the pesticide; and

"(bb) the registrant, in submitting a request for such an extension, provides a schedule, including interim dates to measure progress, to ensure that the data production will be completed before the expiration of the extension period.

"(II) The Administrator shall not provide for such extension if the Administrator determines, in writing, that—

"(aa) the use of the pesticide for the minor use may pose unreasonable adverse effects during the period of extension; or

"(bb) the data provided or being provided to support other uses is insufficient to estimate the risk associated with the minor use during the period of extension.

"(III) If the Administrator grants an extension under this clause, the Administrator shall monitor the development of the data and shall ensure that the registrant is meeting the schedule for the production of the data. If the Administrator determines that the registrant is not meeting the schedule for the production of the data, the Administrator may proceed in accordance with clause (iv) regarding the continued registration of the minor use and shall inform the public of such action.".

(b) REREGISTRATION.—Subsections (d)(4), (e)(2), and (f)(2) of section 4 (7 U.S.C. 136a–1) are each amended by adding at the end the following new subparagraph:

"(C)(i) On the request of a registrant, the Administrator shall extend the deadline for the production of data under this subparagraph for data required solely to support a minor use of a pesticide, up to 4 years if—

"(I) the registrant of the pesticide is providing, or has provided, data to support other uses of the pesticide; and

"(II) the registrant, in submitting a request for such an extension, provides a schedule, including interim dates to measure progress, to ensure that the data production will be completed before the expiration of the extension period.

"(ii) The Administrator shall not provide for the extension if the Administrator determines, in writing, that—

"(I) the use of the pesticide for the minor use may pose unreasonable adverse effects during the period of extension; or

"(II) the data provided or being provided to support other uses is insufficient to estimate the risk associated with the minor use during the period of extension.

"(iii) If the Administrator grants an extension under this subparagraph, the Administrator shall monitor the development of the data and shall ensure that the registrant is meeting the schedule for the production of the data. If the Administrator determines that the registrant is not meeting the schedule for the production of the data, the Administrator shall take appropriate regulatory action regarding the continued registration of the minor use and shall inform the public of the action.

"(iv) Notwithstanding subsection (g)(2), the Administrator shall make a reregistration eligibility determination with regard to subsection (g)(2)(A) if the only data that is missing and would otherwise prevent reregistration is data for which an extension has been granted pursuant to this clause.".

SEC. 8. CONDITIONAL REGISTRATION FOR MINOR USES.

Section 3(c)(7) (7 U.S.C. 136a(c)(7)) is amended by adding at the end the following new subparagraph:

"(D)(i) The Administrator shall conditionally amend the registration of a pesticide to permit additional minor uses of the pesticide notwithstanding that data concerning the pesticide may be insufficient to support an unconditional registration amendment, if the Administrator determines that—

"(I) the applicant has submitted satisfactory data pertaining to the proposed additional minor use; and

"(II) amending the registration in the manner proposed by the applicant would not significantly increase the risk of any unreasonable adverse effect on the environment.

"(ii) Notwithstanding clause (i), no registration of a pesticide may be amended to permit an additional minor use of the pesticide if the Administrator has issued a notice stating that the pesticide, or any ingredient of the pesticide, meets or exceeds risk criteria associated in whole or in part with human dietary exposure enumerated in regulations issued under this Act, and during the pendency of any risk-benefit evaluation initiated by the notice, if—

"(I) the additional minor use of the pesticide involves a major food or feed crop; or

"(II) the additional minor use of the pesticide involves a minor food or feed crop and the Administrator determines, with the concurrence of the Secretary of Agriculture, there is available an effective alternative pesticide that does not meet or exceed the risk criteria.

"(iii) An applicant seeking amended registration under this subparagraph shall submit such data as would be required to obtain registration of a similar pesticide under paragraph (5). If the applicant is unable to submit an item of data (other than data pertaining to the proposed additional minor use) because it has not yet been generated, the Administrator shall amend the registration under such conditions as will require the submission of the data not later than the time the data are required to be submitted with respect to similar pesticides already registered under this Act. The determinations required under this clause shall be made by the Administrator in writing to the registrant and shall be subject to judicial review under the procedures prescribed by section 16(b).".

SEC. 9. TEMPORARY EXTENSION OF REGISTRATION FOR UNSUPPORTED MINOR USES.

(a) REREGISTRATION.—

(1) SUSPENSIONS AND PENALTIES.—Subsections (d)(6) and (f)(3) of section 4 (7 U.S.C. 136a–1) are each amended by adding at the end the following new sentences: "If the registrant is not supporting a specific minor use of the pesticide, but is supporting and providing data in a timely fashion to support other food uses, the Administrator, on the written request of the registrant, shall not take any action pursuant to this paragraph in regard to the unsupported minor uses until the final deadline for the submission of data for the supported uses under this paragraph. On receipt of the request from the registrant, the Administrator shall publish in the Federal Register a notice of the receipt of the request and the effective date on which the uses not being supported will be voluntarily deleted from the registration. Notwithstanding the other provisions of this paragraph, the Administrator may take action to cancel or suspend the minor use, pursuant to section 6, if the Administrator determines that the continuation of the minor use may cause unreasonable adverse effects.".

(2) CANCELLATION.—Section 4(e)(3)(A) (7 U.S.C. 136a–1(e)(3)(A)) is amended by adding at the end the following new sentences: "If the registrant is not supporting a specific minor use of the pesticide, but is supporting and providing data in a timely fashion to support other uses, the Administrator, on the written request of the registrant, shall not take any action pursuant to this subparagraph in regard to the unsupported minor uses until the final deadline for the submission of data for the supported uses under this subparagraph. On receipt of the request from the registrant, the Administrator shall publish in the Federal Register a notice of the receipt of the request and the effective date on which the uses not being supported will be voluntarily deleted from the registration. Notwithstanding the other provisions of this subparagraph, the Administrator may take action to cancel or suspend the minor use, pursuant to section 6, if the Administrator determines that the continuation of the minor use may cause unreasonable adverse effects.".

(b) DATA.—Section 3(c)(2)(B) (7 U.S.C. 136a(c)(2)(B)) (as amended by section 7(a) of this Act) is further amended by adding at the end the following new clause:

"(vii) If the registrant is not supporting a specific minor use of the pesticide, but is supporting and providing data in a timely fashion to support other uses, the Administrator, on the written request of the registrant, shall not take any action pursuant to this subparagraph in regard to the unsupported minor uses until the final deadline for the submission of data for the supported uses under this paragraph. On receipt of the request from the registrant, the Administrator shall publish in the Federal Register a notice of the receipt of the request and the effective date on which the uses not being supported will be voluntarily deleted from the registration. Notwithstanding the other provisions of this subparagraph, the Administrator may take action to cancel or suspend the minor use, pursuant to section 6, if the Administrator determines that the continuation of the minor use would violate the criteria contained in section 6.".

SEC. 10. UTILIZATION OF DATA FOR VOLUNTARILY CANCELED CHEMICALS.

Section 6(f) (7 U.S.C. 136d) is amended by adding at the end the following new paragraph:

"(4) UTILIZATION OF DATA FOR VOLUNTARILY CANCELED CHEMICALS.—When an application is filed with the Administrator for the registration of a pesticide for a minor use not later than 2 years after another registrant voluntarily cancels its registration for an identical or substantially similar pesticide for an identical or substantially similar use, the Administrator shall process, review, and evaluate the pending application as if the voluntary cancellation had not yet taken place for purposes of the use of data from the registration, except that the Administrator may not take such action if the Administrator has evidence that the minor use presents an unreasonable adverse effect on the environment.".

SEC. 11. ENVIRONMENTAL PROTECTION AGENCY MINOR USE PROGRAM.

The Act (7 U.S.C. 121 et seq.) is amended by adding at the end the following new section:

"SEC. 32. ENVIRONMENTAL PROTECTION AGENCY MINOR USE PROGRAM.

"(a) IN GENERAL.—The Administrator shall ensure coordination of minor use issues through the establishment of a minor use program within the Office of Pesticide Programs.

"(b) DUTIES.—The office shall be responsible for—

"(1) coordinating the development of minor use programs and policies;

"(2) consulting with growers regarding minor use issues and registrations; and

"(3) tracking and expediting minor use registrations and amendments that are submitted to the Environmental Protection Agency.".

SEC. 12. DEPARTMENT OF AGRICULTURE MINOR USE PROGRAM.

The Act (7 U.S.C. 121 et seq.) (as amended by section 11 of this Act) is further amended by adding at the end the following new section:

"SEC. 33. DEPARTMENT OF AGRICULTURE MINOR USE PROGRAM.

"(a) IN GENERAL.—The Secretary shall establish a minor use program to coordinate the responsibilities of the Department of Agriculture for minor uses, including—

"(1) administration of the Inter-Regional Research Project Number 4 (IR-4 Program) and the National Agricultural Pesticide Impact Assessment Program;

"(2) support for integrated pest management research;

"(3) consultation with growers to develop data for minor uses; and

"(4) assistance for minor use registrations, tolerances, and reregistrations with the Environmental Protection Agency.

"(b) MINOR USE MATCHING FUND PROGRAM.—

"(1) IN GENERAL.—The Secretary is authorized to establish a minor use matching fund program within the Department of Agriculture.

"(2) USE.—The matching fund program shall be used to ensure the continued availability of minor use crop protection chemicals, including the development of data to support minor use pesticide registrations and reregistrations.

"(3) RECIPIENTS.—Any person that desires to develop data to support minor use registrations shall be eligible to obtain matching funds under the program, except that the Secretary of Agriculture shall give first priority in the distribution of funds to entities that do not directly receive funds from the sale of products registered for minor uses.

"(4) MATCHING REQUIREMENT.—To be eligible to obtain funds under the program, a person must match the funds with an equal amount of non-Federal funds.

"(5) DATA.—Any data developed through the program shall be jointly owned by the Department of Agriculture and by the person who receives the funding. The data may be utilized by another person for the purpose of seeking registrations and tolerances, if the person receives a license from the Secretary of Agriculture and the sponsoring person who produced the data.

"(6) FEES.—All license fees received by the Department of Agriculture under the program shall be returned to a revolving fund and used to support the matching fund program.

"(7) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the program authorized by this subsection $10,000,000 for each fiscal year.".

SEC. 13. CONFORMING AMENDMENTS TO FIFRA TABLE OF CONTENTS.

The table of contents in section 1(b) (7 U.S.C. prec. 121) is amended—

(1) by adding at the end of the items relating to section 2 the following new item:

"(hh) Minor use.";

(2) by adding at the end of the items relating to section 6(f) the following new item:

"(4) Utilization of data for voluntarily canceled chemicals.";

and

(3) by adding at the end the following new items:

"Sec. 32. Environmental Protection Agency minor use program.
"(a) In general.
"(b) Duty.
"Sec. 33. Department of Agriculture minor use program.
"(a) In general.
"(b) Minor use matching fund program.
"(1) In general.
"(2) Use.
"(3) Recipients.
"(4) Matching requirement.
"(5) Data.
"(6) Fees.
"(7) Authorization of appropriations.".

• Mr. GRAHAM. Mr. President, I am pleased to be an original cosponsor of the Minor Crop Protection Act of 1991.

I represent a State with a thriving agricultural industry almost exclusively producing minor crops for national and international consumption. Florida growers produce strawberries, blueberries, oranges, celery, lettuce, peppers, papayas, mangos, grapefruit, and a myriad of other fruits and vegetables—both everyday and specialty varieties.

Although many of these items are considered commonplace at your grocery, they are considered to be minor crops because they are grown in a smaller amount and in a limited geographic area than most farm products, like corn and wheat.

In the 1990 farm bill, Senator INOUYE and I, and several of our colleagues in the Senate, amended FIFRA to make reregistration of minor use pesticides a more streamlined process. The legislation being introduced today builds on those amendments.

As a strong supporter of minor crops, I believe it's important that we work with the Environmental Protection Agency and the U.S. Department of Agriculture to make needed changes to the current law guiding their regulation and registration. However, our preeminent concern is for the safety of and consumer confidence in our food supply. To maintain those two goals means supporting a timely and scientifically sound refrigeration process. Our bill is meant to enhance that process, not undermine it. Our bill aims to help safe chemicals that have legitimate uses stay available to farmers.

It is now becoming widely known that fruits and vegetables are more than good tasting and nutritious; they're also important preventive medicine. Mr. President, I ask that today's Washington Post article regarding the value of fruits and vegetables as a prevention against cancer be included in the RECORD along with my statement. Because of their importance in American's diet, we need to preserve the means for growers to produce a healthy and bountiful crop. The Minor Crop Protection Act will help make that possible.

I urge my colleagues, many of which represent minor crop States, to join us in supporting this legislation.

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

[From the Washington Post, July 2, 1992]

A DIET TO FIGHT THE RISK OF CANCER

(By Carole Sugarman)

The National Cancer Institute and the food industry yesterday launched the largest public-private-sponsored nutrition education program ever undertaken, bolstering the institute's efforts to inform the public about the link between diet and cancer risk.

The produce and supermarket industries will contribute an estimated $75 million and the cancer institute $18 million to a five-year campaign to encourage the public to eat five servings of fruits and vegetables every day.

The campaign, called "5 A Day," will award grants to universities or state and local governments for educational programs and fund point-of-sale materials and advertisements.

Institute studies show that Americans should consume at least five servings of fruits and vegetables daily to help reduce the risk of cancer. But nearly 75 percent of the population does not do that, and by the end of 1992 each American will be more than 500 servings behind for the year, according to a survey released yesterday as part of the campaign kickoff.

This year, more than 1 million cases of cancer will be diagnosed and 500,000 people will die from it, National Institutes of Health Director Bernadine P. Healy said yesterday. Approximately 35 percent of cancers are related to diet, she said.

The 5-A-Day program is an initiative of Healy, who said she planned to make nutrition "a special emphasis of mine," and Health and Human Services Secretary Louis W. Sullivan, who has encouraged food retailers to teach consumers about nutrition. In

1990, Sullivan invited the food industry to develop an educational program with the institute.

According to the institute, people who eat four or more servings of produce daily are diagnosed with half the number of cancers than those who consume one or less serving a day.

Respondents to the institute survey, however, believed that the greatest health benefit from eating fruits and vegetables is that they help in weight loss. Far fewer cited cancer prevention as a benefit.

People need to hear an updated version of the cliché, "an apple a day keeps the doctor away," Healy said yesterday. She noted that some people have taken that message too literally. The survey found that nearly 50 percent of men think that one serving of fruit or vegetables a day is sufficient.

The survey of 2,837 adults found that only 8 percent think that they should eat five or more servings of fruits and vegetables daily. Most think two is enough.

Those who consume more calories should eat more produce, according to the institute. In general, teenage boys, very active women and men who consume between 2,400 and 3,200 calories a day should consume nine servings of produce. Older children, moderately active women or sedentary men who consume between 1,800 and 2,400 calories daily should eat about seven servings of produce daily, and younger children and sedentary women who consume between 1,400 and 1,800 calories a day should eat five fruits and vegetables a day.

A serving is defined as a half cup of cooked or chopped raw vegetables or fruit, one cup of raw leafy vegetables, one medium piece of fruit or three-fourths cup of 100 percent fruit or vegetable juice.

The survey found that those who eat the most produce are women, older adults, people with higher incomes and education and those who have been eating fruits and vegetables since childhood. Blacks and whites eat the same amount of produce and Hispanics eat a half a serving less per day. Across all groups the average daily intake of produce is 3.5 servings.

People consume more vegetables than fruit, more whole fruit than fruit juice and more green salads than any other produce item, the survey found. Of course, many people find it necessary to add fat to that: 85 percent of respondents always or usually use salad dressing.●

● Mr. LUGAR. Mr. President, I am pleased to join Senator INOUYE today in introducing the Minor Crop Protection Assistance Act.

Producers of so-called minor crops, primarily fruits and vegetables, face a potentially significant problem—the loss of crop protection products for these crops. Because these minor use pesticides tend to be low volume and low profit markets and because registration and reregistration pose a significant cost, there is less economic incentive for these safe products to remain on the market. Loss of access to these products would be a hardship for producers as well as consumers. Producers could lose these markets to our competitors abroad and then consumers would be denied access to an affordable and abundant supply of fruits and vegetables. I need not mention the importance of fruits and vegetables in a healthy, nutritious, and varied diet.

Integrated pest management [IPM] would also suffer if less minor crop pesticides were available. To reduce their total pesticide usage, many producers of minor crops have turned to IPM. However, to conduct a successful IPM program a producer needs access to a wide range of pest control products.

Simply put, this bill represents a commonsense approach. This measure provides incentives to the Environmental Protection Agency, the Department of Agriculture and agricultural chemical companies to continue to provide safe and effective pesticides for minor crop protection.

I must make clear that this bill will not compromise food safety. The problem we are addressing through this bill is the ability to develop and keep on the market safe and effective pesticides for minor crops or minor uses.

Mr. President, I urge my colleagues to lend their support to this important legislation.●

By Mr. CRAIG (for himself and Mr. SYMMS):

S. 2981. A bill to establish the Snake River Birds of Prey National Conservation Area in the State of Idaho, and for other purposes; to the Committee on Energy and Natural Resources.

SNAKE RIVER BIRDS OF PREY NATIONAL CONSERVATION ACT

Mr. CRAIG. Mr. President, today I am introducing legislation to establish the Snake River Birds of Prey National Area in my home State of Idaho.

The Birds of Prey area is a place of great natural beauty and of mixed resource use. The area exceeds 480,000 acres and is the home to numerous birds of prey. More than 600 pairs of raptors representing 15 different species nest in this special area. This is one of the densest concentrations of birds of prey that is known in the world. This area has been administratively protected since 1980. My legislation will assure that legislative protection is given to the area.

But this area is also an area where livestock have grazed since the early part of the century and where the Idaho National Guard operates a sophisticated training area. All of these uses and the birds have existed in harmony. My bill is structured to assure that this harmony will continue in the future.

My bill introduced with the senior Senator from Idaho will assure the Snake River Birds of Prey National Conservation Area will be afforded permanent protection while the citizens of Idaho who have lived in concert with the birds in the area are assured that their way of life will be able to continue as well.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2981

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds the following:

(1) The public lands managed by the Bureau of Land Management in the State of Idaho within the Snake River Birds of Prey Area contain one of the densest known nesting populations of eagles, falcons, owls, hawks, and other birds of prey (raptors) in North America.

(2) These public lands constitute a valuable national biological and educational resource since birds of prey are important components of the ecosystem.

(3) These public lands also contain important historic, cultural and economic resources as well as other resources and values, all of which should be protected and appropriately managed.

(4) A military training area within the Snake River Birds of Prey Area, known as the Orchard Training Area, has been used since 1953 by reserve components of the Armed Forces. Military use of this area is currently governed by a Memorandum of Understanding between the Bureau of Land Management and the State of Idaho Military Division, dated May 1985. Operating under this Memorandum of Understanding, the Idaho National Guard has provided valuable assistance to the Bureau of Land Management with respect to fire control and other aspects of management of the Orchard Training Area and the other lands in the Snake River Birds of Prey Area. Military use of the lands within the Orchard Training Area should continue in accordance with such Memorandum of Understanding (or extension or renewal thereof), to the extent consistent with section 4(e) of this Act, because this would be in the best interest of training of the reserve components (an important aspect of national security) and of the local economy.

(5) Protection of the conservation area as a home for raptors can best and should be accomplished by the Secretary of the Interior, acting through the Bureau of Land Management, under a multiple-use and sustained yield management program that—

(A) emphasizes management, protection, and rehabilitation of habitat for these raptors;

(B) provides for continued military use, consistent with the requirements of section 4(e) of this Act, of the Orchard Training Area by reserve components of the Armed Forces;

(C) addresses the need for public educational and interpretive opportunities;

(D) provides for the conservation, development and use of other resources in the area to the extent consistent with either the maintenance or enhancement of raptor habitat; and

(E) demonstrates management practices and techniques that may be useful to other areas of the public lands and elsewhere.

(6) There is established near the conservation area a facility, the World Center for Birds of Prey operated by The Peregrine Fund, Inc., where research, public education, recovery, and reestablishment operations exist for endangered raptor species. There is also established at Boise State University a raptor study program which attracts national and international graduate and undergraduate students.

(7) The Bureau of Land Management and Boise State University, together with other State, Federal, and private entities, have formed the Raptor Research and Technical

Assistance Center to be housed at Boise State University, which provides a unique adjunct to the conservation area for raptor management, recovery, research, and public visitation, interpretation, and education.

(8) Consistent with requirements of sections 202 and 302 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712 and 1732), the Secretary has developed a comprehensive management plan and, based on such plan, has implemented a management program for the public lands included in the conservation area established by this Act.

(9) Additional authority and guidance must be provided to assure that essential raptor habitat remains in public ownership, to facilitate sound and effective planning and management, to provide for effective public interpretation and education, to ensure continued study of the relationship of humans and these raptors, to preserve the unique and irreplaceable habitat of the conservation area, and to conserve and properly mange the other natural resources of the area in concert with maintenance of this habitat.

(10) An ongoing research program funded by the Bureau of Land Management and the National Guard is intended to provide information to be used in connection with future decision making concerning management of all uses, including continued military use, of public lands within the Snake River Birds of Prey Area.

(11) Livestock grazing has been an integral part of the conservation area for more than a century. Properly managed livestock grazing is considered an effective management tool that can reduce fire fuel, foster desirable plant communities and seasonally reduce prey base cover and is compatible with raptor habitat management. Livestock grazing also provides significant economic contributions and stability to the local and state economies and continuation of such use is in the best interest of the resource.

(12) Hydroelectric facilities for the generation and transmission of electricity exist within the Snake River Birds of Prey Area pursuant to a license(s) issued by the Federal Energy Regulatory Commission, or its predecessor, the Federal Power Commission, and the continued existence and operation of such facilities, subject to regulation by the Federal Energy Regulatory Commission, is in the public interest and consistent with the provisions and the intent of this Act.

SEC. 2. DEFINITIONS.

As used in this Act:

(1) The term "Secretary" means the Secretary of the Interior.

(2) The term "conservation area" means the Snake River Birds of Prey National Conservation Area established by section 3.

(3) The term "raptor" or "raptors" means individuals or populations of eagles, falcons, owls, hawks, and other birds of prey.

(4) The term "raptor habitat" includes the habitat of the raptor prey base as well as the nesting and hunting habitat of raptors within the conservation area.

(5) The term "Memorandum of Understanding" means the Memorandum of Understanding #ID–237, dated May 1985, between the State of Idaho Military Division and the Bureau of Land Management.

(6) The term "Orchard Training Area" means that area generally so depicted on the map referred to in section 3(b), and as described in the Memorandum of Understanding as well as the air space over the same.

(7) The term "Impact Area" means that area which was used for the firing of live artillery projectiles and is used for live fire ranges of all types and, therefore, poses a danger to public safety and which is generally so depicted on the map referred to in section 3(b).

(8) The term "Artillery Impact Area" means that area within the Impact Area into which live projectiles are fired, which is generally described as that area labeled as such on the map referred to in section 3(b).

(9) The term "the plan" means the comprehensive management plan developed for the conservation area, dated August 30, 1985, together with such revisions thereto as may be required in order to implement this Act.

(10) The term "hydroelectric facilities" means all facilities related to the generation, transmission and distribution of hydroelectric power and which are subject to, and authorized by, license(s), and any and all amendments thereto, issued by the Federal Energy Regulatory Commission.

SEC. 3. ESTABLISHMENT OF NATIONAL CONSERVATION AREA.

(a) PURPOSES AND ESTABLISHMENT.—In order to provide for the perpetual conservation and protection of raptor populations and habitats, and to provide for the continued multiple-use resource management of the several other uses and values within the conservation area, and to provide for public education and interpretation concerning the unique resources found in the conservation area, there is hereby established the Snake River Birds of Prey National Conservation Area.

(b) AREA INCLUDED.—The conservation area shall consist of approximately 482,457 acres of federally owned lands and interests therein managed by the Bureau of Land Management as generally depicted on the map entitled "Snake River Birds of Prey National Conservation Area", dated November 1991.

(c) MAP AND LEGAL DESCRIPTION.—As soon as is practicable after enactment of this Act, the map referred to in subsection (b) and a legal description of the conservation area shall be filed by the Secretary with the Committee on Interior and Insular Affairs of the House of Representatives and the Committee on Energy and Natural Resources of the Senate. Each such map shall have the same force and effect as if included in this Act; except that the Secretary may correct clerical and typographical errors in such map and legal description. Each such map shall be on file and available for public inspection in the office of the Director and the Idaho State Director of the Bureau of Land Management of the Department of the Interior.

(d) WITHDRAWALS.—Subject to valid existing rights, the Federal lands within the conservation area are hereby withdrawn from all forms of entry, appropriation, or disposal (except as provided in paragraph (3)) under the public land laws; and from entry, application, and selection under the Act of March 3, 1877 (Ch. 107, 19 Stat. 377, 43 U.S.C. 321 et seq.; commonly referred to as the "Desert Lands Act"), section 4 of the Act of August 18, 1894 (Ch. 301, 28 Stat. 422; 43 U.S.C. 641; commonly referred to as the "Carey Act"), the Act of July 3, 1890 (Ch. 656, 26 Stat. 215; commonly referred to as the "State of Idaho Admissions Act"), section 2275 of the Revised Statutes, as amended (43 U.S.C. 851), and section 2276 of the Revised Statutes, as amended (43 U.S.C. 852). The Secretary shall return to the applicants any such applications pending on the date of enactment of this Act, without further action.

Subject to valid existing rights, after the date of enactment of this Act lands within the Birds of Prey Conservation Area are withdrawn from location under the general mining laws, the operation of the mineral and geothermal leasing laws and the mineral material disposal laws.

SEC. 4. MANAGEMENT AND USE.

(a) IN GENERAL.—(1)(A) As soon as possible after the date of enactment of this Act, the Secretary shall make such revisions in the plan as required in order to implement this Act.

(B) Thereafter, the Secretary shall review the plan at least once every four years and shall make such revisions as may be necessary or appropriate.

(C) In reviewing and revising the plan, the Secretary shall provide for appropriate public participation.

(2) Except as otherwise specifically provided in subsections (d), (e), and (f) of this section, the Secretary shall allow only such additional uses of lands in the conservation area as the Secretary determines are consistent with the protection of the raptor population, conservation, development and use of other resources in the conservation area which are, themselves, consistent with such protection and rehabilitation of raptors and their habitat.

(b) MANAGEMENT GUIDANCE.—After each review pursuant to subsection (a), the Secretary shall make such revisions as may be needed so that the plan and management program to implement the plan include, in addition to any other necessary or appropriate provisions, provisions for—

(1) protection for the raptor populations and habitats on the public lands in the conservation area;

(2) identifying levels of continued military use of the Orchard Training Area compatible with paragraph (1) of this subsection;

(3) public use of the conservation area consistent with the policy set out in subparagraph (a) of this section.

(4) interpretive and education opportunities for the public;

(5) a program for continued scientific investigation and study to provide information to support sound management in accordance with this Act, to advance knowledge of raptor species and the resources and values of the conservation area, and to provide a process for transferring to other areas of the public lands and elsewhere this knowledge and management experience;

(6) such vegetative enhancement and other measures as may be necessary to restore prey habitat;

(7) the identification of levels, types, timing and terms and conditions for the allowable non-military uses of lands within the conservation area that will be consistent with the protection, maintenance, or enhancement of raptor populations and habitats and the other purposes for which the conservation area is established; and

(8) assessing the desirability of imposing appropriate fees for public uses (including, but not limited to, recreational use) of lands in the conservation area, which are not now subject to fees, to be used to further the purposes for which the conservation area is established.

(9) In the event any use within the area comes into conflict with the protection of raptors or raptor habitat, such use shall only be reduced if the majority of scientific evidence indicates that such action is the only available method to resolve the conflict. The Secretary shall seek to replace any loss of use by implementing appropriate management actions, including range or other improvements. The Secretary shall utilize any funds necessary to mitigate losses or resolve such conflicts from appropriations or any other funds authorized for the purposes of the Act.

(c) VISITORS CENTER.—The Secretary, acting through the Director of the Bureau of Land Management, is authorized to establish, in cooperation with other public or private entities as the Secretary may deem appropriate, a visitors center designed to interpret the history and the geological, ecological, natural, cultural, and other resources of the conservation area as well as the multiple-use management of the conservation area and the biology of the raptors and their relationships to man.

(d) VISITORS USE OF AREA.—In addition to the Visitors Center, the Secretary shall provide for visitor use of the public lands in the conservation area to such extent and in such manner as the Secretary considers consistent with the protection of raptors and raptor habitat, public safety, and the purposes for which the conservation area is established. To the extent practicable, the Secretary shall make available to visitors and other members of the public a map of the conservation area and such other educational and interpretive materials as may be appropriate.

(e) NATIONAL GUARD USE OF THE AREA.—(1) Pending completion of the ongoing research concerning military use of lands in the conservation area, or until the date five years after the date of enactment of this Act, whichever is the shorter period, the Secretary shall permit continued military use of those portions of the conservation area known as the Orchard Training Area in accordance with the Memorandum of Understanding, to the extent consistent with the use levels identified pursuant to subsection (b)(2) of this section.

(2) Upon completion of the ongoing research concerning military use of lands in the conservation area, the Secretary shall review the management plan and make such additional revisions therein as may be required to assure that it meets the requirements of this Act.

(3) Upon completion of the ongoing research concerning military use of lands in the conservation area, the Secretary shall submit to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report of the results of such research.

(4) Nothing in this Act shall preclude minor adjustment of the boundaries of the Orchard Training Area in accordance with provisions of the Memorandum of Understanding.

(5) After completion of the ongoing research concerning military use of lands in the Orchard Training Area or after the date five years after the date of enactment of this Act, whichever first occurs, the Secretary shall continue to permit military use of such lands, but only to the extent the Secretary, on the basis of such research determines such use is compatible with the purposes set forth in section 3(a). Such use thereafter shall be permitted in accordance with the Memorandum of Understanding, which shall be extended or renewed by the Secretary so long as such use continues to meet the requirements of subsection (b)(2) of this section.

(6) In accordance with the Memorandum of Understanding, the Secretary shall require the State of Idaho Military Division to insure that military units involved maintain a program of decontamination.

(7) Nothing in this Act, nor in any other or subsequent Act, unless expressly stated therein, shall be construed as by itself precluding the extension or renewal of the Memorandum of Understanding, or the construction of any improvements or buildings in the Orchard Training Area so long as the requirements of this subsection are met.

(f) LIVESTOCK GRAZING.—The Secretary shall permit continued use of lands in the conservation area for domestic livestock grazing, including activities necessary to carry out proper and practical grazing management programs such as Animal Damage Control activities, in accordance with the Act of June 28, 1934 (43 U.S.C. 315 et seq.; commonly referred to as the "Taylor Grazing Act"), section 402 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1752), and other laws applicable to such use of the public lands. Livestock Grazing shall be managed in accordance with the plan requirements of subsection (a) of this section.

(g) COOPERATIVE AGREEMENTS.—The Secretary is authorized to provide technical assistance to, and to enter into such cooperative agreements and contracts with, the State of Idaho and with local governments and private entities as the Secretary deems necessary or desirable to carry out the purposes of this Act.

(h) AGRICULTURAL PRACTICES.—Nothing in this Act shall be construed as affecting recognized agricultural practices or other activities on private land adjacent to or within the conservation area boundary.

(i) HYDROELECTRIC FACILITIES.—Notwithstanding any provision of this Act, or regulations and management plans undertaken pursuant to its provisions, the Federal Energy Regulatory Commission retains exclusive jurisdiction concerning all aspects of the continued and future operation of hydroelectric facilities, licensed or relicensed under the Federal Power Act (16 U.S.C. §§791a et seq.), located within the boundaries of the conservation area.

SEC. 5. ADDITIONS.

(a) ACQUISITIONS.—(1) The Secretary is authorized to acquire lands and interests therein within the boundaries of the conservation area by donation, purchase with donated or appropriated funds, exchange, or transfer from another Federal agency, except that such lands or interests owned by the State of Idaho or a political subdivision thereof may be acquired only by donation or exchange.

(2) Any lands located within the boundaries of the conservation area that are acquired by the United States on or after the date of enactment of this Act shall become a part of the conservation area and shall be subject to this Act. Acquisition of private land will required a willing buyer and a willing seller and no lands shall be condemned for the sole purpose for expanding the conservation area.

(b) PURCHASE OF LANDS.—In addition to the authority in section 318(d) of the Federal Land Policy Management Act of 1976 (43 U.S.C. 1748) and notwithstanding section 7(a) of the Land and Water Conservation Fund Act of 1964 (16 U.S.C. 4601-9(a)), monies appropriated from the Land and Water Conservation Fund may be used as authorized in section 5(b) of the Endangered Species Act of 1973 (16 U.S.C. 1534(b)), for the purpose of acquiring lands or interests therein within the conservation area for administration as public lands as a part of the conservation area.

(c) LAND EXCHANGES.—The Secretary shall, within 4 years of enactment, study, identify and initiate voluntary land exchanges which would resolve ownership related land use conflicts within the conservation area.

SEC. 6. OTHER LAWS AND ADMINISTRATIVE PROVISIONS.

(a) OTHER LAWS.—(1) Nothing in this Act shall be construed to supersede, limit or otherwise affect administration and enforcement of the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.).

(2) Except as otherwise specifically provided in this Act, nothing in this Act shall be construed as limiting the applicability to lands in the conservation area of laws applicable to public lands generally, including but not limited to the National Historic Preservation Act, the Archaeological Resources Protection Act of 1979, or the Native American Graves Protection and Repatriation Act.

(3) Nothing in this Act shall be construed as by itself altering the status of any lands that on the date of enactment of this Act were not managed by the Bureau of Land Management.

(4) Nothing in this Act shall be construed as prohibiting the Secretary from engaging qualified persons to use public lands within the conservation area for the propagation of plants (including seeds) to be used for vegetative enhancement of the conservation area in accordance with the plan and in furtherance of the purposes for which the conservation area is established.

(b) RELEASE.—The Congress finds and directs that the public lands within the Snake River Birds of Prey Natural Area established as a natural area in October 1971 by Public Land Order 5133 have been adequately studied and found unsuitable for wilderness designation pursuant to section 603 of the Federal Land Policy and Management Act of 1976. Such lands are hereby released from further management pursuant to section 603(c) of such an Act and shall be managed in accordance with other applicable provisions of law, including this Act.

(c) EXISTING ADMINISTRATIVE WITHDRAWAL TERMINATED.—Public Land Orders 5133 dated October 12, 1971, and 5777 dated November 21, 1980, issued by the Secretary are hereby terminated.

(d) WATER RIGHTS.—Nothing in this Act, nor any action taken pursuant thereto, shall constitute either an expressed or implied federal reservation of water or water right for any purpose.

(e) ENFORCEMENT.—Any person who violates any regulation promulgated by the Secretary to implement the provisions of this Act shall be subject to a fine in accordance with applicable provisions of title 18, United States Code, imprisonment of not more than 1 year or both.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out this Act.

Mr. SYMMS. Mr. President, I support permanently establishing the Snake River Birds of Prey National Conservation Area. However, there are many concerns unaddressed in the House of Representatives' version of the legislation, H.R. 2141. I cannot support that bill with its present language.

Like Senator CRAIG and I, several interested parties in Idaho want to support Birds of Prey legislation, but also want to be treated fairly by Birds of Prey legislation. Senator CRAIG's leadership and work with the Idaho groups concerned about this legislation has been outstanding. The bill Senator CRAIG and I are introducing today is result of our efforts to treat these Idahoans fairly while creating a cooperative framework for protecting the resources of the Birds of Prey Area.

In contrast, the House version of this bill abrogates privately owned water rights in the area, expands the area beyond its current boundaries, permits unilateral increases in grazing fees and revocation of grazing allotments in the area. It also requires the Bureau of Land Management to make decisions based solely on what is perceived to impact birds of prey. In doing this, H.R. 2141 makes all other activity in the area expendable even if that activity is beneficial to wildlife. In turn, this would make hard working Idaho farmers second-class citizens to so-called expert representatives of environmental organizations.

The legislation we are introducing today addresses these concerns, raised by Idahoans, that explain to me how H.R. 2141 is such a bad bill.

We need not rush through legislation that hurts those who depend on the Birds of Prey Area for their livelihoods. We need not rush through legislation that hurts Idaho communities adjacent to the area. In the words of Rachel Gilbert, a former Idaho State senator, "No bill is better than a bad bill and the House has passed a bad bill."

The conservation area we permanently create need not be a single-use widlife refuge. For several decades now, raptors have thrived while other traditional uses have continued in the area. For example, agricultural activity benefits birds of prey by providing seasonal habitat for various small mammals that add to the raptors food supply. Also, water development in the area benefits not only livestock but also all forms of wildlife.

The bill we are introducing today provides not only for continued tradition uses, but also protects water rights recognized under Idaho law. H.R. 2141 is silent on water rights. Our bill clarifies that the United States has no interest in controlling water in the area. Without our language, a continuing conflict will arise between Idaho and the U.S. Government over water allocation.

For these reasons, Mr. President, it is an honor and privilege for me to cosponsor this bill and I am committed to its eventual enactment.

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

S. 2982. A bill to amend the Consolidated Farm and Rural Development Act to establish a program to aid beginning farmers and ranchers and to improve the operation of the Farmers Home Administration, and to amend the Farm Credit Act of 1971, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

AGRICULTURAL CREDIT IMPROVEMENT ACT

• Mr. BUMPERS. Mr. President, last night and today we have debated a measure to provide assistance to Russia and other areas where we have witnessed historical breakdowns of economic and political systems. To a large extent, those forces were brought to the surface because their agricultural foundations had completely eroded, leaving populations without adequate supplies of food. Societies can withstand a wide variety of adversities, but hunger and nutritional deprivation have long proven to be undeniable catalysts for revolution.

The agricultural base of the United States is recognized as the strongest on the planet and our farmers' dedication to conservation and land stewardship is unparalleled. As long as our farmers remain viable, our Nation will remain secure, and because of that fact, we must continually remind ourselves of the importance of our Nation's farmers and recognize they must never be taken for granted.

One of the greatest dilemmas facing our agricultural base is the falling number of new farmers. The median age of rural farm residents in 1920 was 20.7. In 1987, the median age was 37.6 The average age of the American farmer today is 59.6. To make that point more startling, the October 1991 issue of Agricultural Outlook, a USDA publication, reported the breakdown of today's farm population as follows: Farmers over the age of 60 represent 33.4 percent of the entire farm population, farmers between the ages 45–59 represent 33.7 percent, the ages 25–44 represent 31.3 percent, and today's American farmers under the age of 25 represent merely 1.7 percent of the total farm population. This trend must not be allowed to continue or else we will soon find ourselves scrambling to find men and women with the experience, dedication, and capacity to provide our citizens the level of stable, affordable, and high-quality food for which we have all become so accustomed.

In spite of the low prices received for farm commodities and the low levels of farm income, farming today is a very expensive occupation. A new 110–129 horsepower tractor today costs $48,800—the same tractor that in 1974 cost only $16,200. A new large capacity combine in 1970 cost $16,500 and in 1991, that same combine cost $109,000. Although farm land in the eastern part of my State has fallen by $372 per acre over the past 10 years, today's cost of $724 per acre compares to $129 per acre in 1962. These same cost increases apply whether you are talking about equipment, fuel, fertilizer, or any other necessary component of agricultural production. It is little wonder that young men and women are finding it impossible to enter into a life's work in farming even though it is where their hearts or their family's history are strongly attached.

Today, I am joined by my fellow Arkansan, Senator DAVID PRYOR, in introducing an important piece of legislation that will help turn around this tragic trend in what could be called the "Graying of the American Farmer." Our bill will put in place a program to help beginning farmers acquire needed credit to help start their own farming operations and, in many cases, to follow in the footsteps of their earlier generations. It will also help ensure that these beginning farmers obtain training and experience necessary for success and to help avoid a repeat of failures that plagued Federal credit agencies of the last decade.

Our bill does not add to the deficit because it simply provides a better direction for current programs administered by the Farmers Home Administration. Our bill also sets up a program that helps farming operations obtain a level of self-sustainability by providing necessary technical assistance through our varied agricultural agencies and research base. This assistance will help ensure that today's beginning farmers will not become the Federal credit problems of tomorrow. In fact, our bill requires just the opposite.

Not only does our measure demand more of today's beginning farmers, it also demands more of our Federal farm agencies. One complaint that I hear more often from more farmers involved with Federal farm credit programs is the complexity of loan processing and the typical bureaucratic tactics of delay and conquer. We expect our farmers to operate in a professional manner and we demand no less from the Federal agencies whose mission it is to serve them.

Our bill establishes strict guidelines for loan processing, incentives for greater participation by private sector lenders, and requires the Secretary of Agriculture to keep us informed of unnecessary delays in lending operations. Farmers must comply with the timing of nature over which they have no control. The least we can do is to help reduce the timing problems caused by unnecessary credit delays.

The House of Representatives is making substantial progress toward the goals outlined in the bill Senator PRYOR and I introduce today. I encourage all Senators concerned about the strength of American agriculture and the necessity of an abundant food supply to join us to ensure passage of this important measure in the remaining weeks in this Congress.•

By Mr. BIDEN:

S. 2983. A bill to amend the Congressional Budget Act of 1974 to require that Congress adopt a concurrent resolution on the national security budget setting binding appropriate levels for national security discretionary spending, consisting of the defense and international categories, and domestic discretionary spending before adopting the concurrent resolution on the budget for a fiscal year; pursuant to the

order of August 4, 1977, referred jointly to the Committee on the Budget and the Committee on Governmental Affairs.

NATIONAL SECURITY BUDGET PRIORITIES ACT

• Mr. BIDEN. Mr. President, I rise today to introduce the National Security Budget Act of 1992.

This proposal is designed to set up a rational framework for congressional decisionmaking with regard to national defense and international affairs programs. This rational framework is set up by amending the Congressional Budget Act of 1974 to create a two-part budget process. In the first budget resolution, the Congress would set budget levels for two categories: A new category called national security discretionary spending and a second category of domestic discretionary spending.

In this first budget resolution, the Congress would make its most basic decisions: How much is enough to protect the national security of the United States? And how much is enough for spending on the myriad domestic needs our Government must address?

Then, once such a decision is made, the Congress can move to the existing budget resolution to allocate funds within these two categories. In the case of national security discretionary spending, the Congress could debate the relative merits of spending on national defense here at home through the 050 account, spending on overseas basing of U.S. military forces also through the 050 account, spending on military assistance for friends and allies in the 150 account, spending on peacekeeping forces in the 150 account, spending on economic and financial assistance also through the 150 account, as well as humanitarian and technical assistance.

In short, once the Congress decides how much money should be spent on national security, it then chooses the most cost-effective tool, be it national defense, overseas bases, peacekeeping, financial assistance, technical assistance, to serve that national security goal.

Mr. President, this proposal is not designed to decide whether military spending is too high, or domestic discretionary spending is too low. Rather, this initiative is designed to set up a permanent procedure that can bring rationality to our post-cold-war decisions about military spending, peacekeeping, foreign assistance, and any other program whose purpose is national security.

I intend to consult in the days and months ahead with the members of the Budget Committee, and the Armed Services Committee, without whom this effort cannot succeed.

I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

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

S. 2983

Be is enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Security Budget Priorities Act of 1992".

SEC. 2. NATIONAL SECURITY BUDGET.

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 is amended by inserting after section 300 the following:

"NATIONAL SECURITY BUDGET

"SEC. 300A. (a) CONTENTS OF NATIONAL SECURITY BUDGET.—On or before March 31 of each year, the Congress shall complete action on a concurrent resolution setting appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years for total of new budget authority, budget outlays, direct loan obligations, and primary loan guarantee commitments for the national security discretionary spending category (the defense and international categories as defined by section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985), and the domestic discretionary spending category (as defined by section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985).

"(b) DEBATE.—The provisions of section 305 for consideration in the Senate and the House of Representatives of concurrent resolutions on the budget and conference reports thereon shall apply to consideration in the Senate and the House of Representatives of concurrent resolutions and conference reports thereon considered under this section, except that debate shall be limited to not more than 10 hours.".

(b) BINDING ON THE BUDGET RESOLUTION.—Section 301(a) of the Congressional Budget Act of 1974 is amended by inserting after the first sentence the following: "The concurrent resolution shall be consistent with the levels for national security discretionary spending and domestic discretionary spending set forth in the resolution adopted pursuant to section 300A.".•

By Mr. BIDEN (for himself, Mr. HATCH, Mr. PELL, Mr. CRANSTON, Mr. HELMS, Mr. MITCHELL, Mr. ROBB, Mr. WOFFORD, Mr. MURKOWSKI, Mr. SIMON, Mr. KENNEDY, Mr. DODD, Mr. GORTON, Mr. DIXON, Mr. KERREY, Mr. INOUYE, and Mr. MOYNIHAN):

S. 2985. A bill to authorize the Board for International Broadcasting to support a Radio Free China; to the Committee on Foreign Relations.

RADIO FREE CHINA ACT OF 1992

• Mr. BIDEN. Mr. President, today I am introducing, along with Senator HATCH, Senator MITCHELL, and 14 other Senators, the Radio Free China Act of 1992.

This legislation provides the framework for an important new initiative in United States foreign policy: The support of radio broadcasting to the People's Republic of China of information about developments within that vast and troubled nation.

The bill I introduce today is based on a concept that has been central to U.S. foreign policy for 40 years: The dissemination of accurate news and information to people suffering under totalitarian rule.

For the past four decades, Radio Free Europe and Radio Liberty have broadcast to the Nations that once constituted the Soviet Empire. The Radios, as they are known, heartened dissidents from Berlin to Bucharest, from Vilnius to Vladivostok, inspiring hope and courage among those living under Communist tyranny.

As the current leaders of Eastern Europe have attested, these Freedom Radios played a historic role as instruments of information and inspiration. Their constant current of reliable reporting helped fan the flame of freedom in the hearts and minds of citizens throughout the Soviet Empire—a flame that suddenly in 1989 became a torch and then a wildfire.

A similar broadcasting service—based on the proven model of Radio Free Europe and Radio Liberty—would play an important role in providing accurate news and information to the people of China, overcoming the strict controls on the media imposed by the gerontocracy in Beijing.

China's repression of press freedom is an unchallenged fact. Even the Bush State Department—usually quick to defend Chinese policy—minces few words regarding freedom of the press in China:

> Television and radio broadcasting remain under strict party and government control and [are] used to propagate an orthodox ideological line. The party has ordered the domestic press to support the party line.

In May, Beijing attempted to extend that control to foreign journalists by sending security officials to harass a Washington Post correspondent, who was accused of behavior incompatible with her status as a journalist.

China's policies are an anachronism—a repugnant manifestation of the Communist idea, now fully discredited, that the party and the state must control not only the lives of the people, but their every thought as well. Moreover, it represents a denial of a fundamental right, enshrined in article 19 of the Universal Declaration of Human Rights, which affirms that all people have the "right to seek, receive, and impart information, regardless of frontiers."

In an age of instant communication, it is astonishing that the people of China remain largely ignorant about events in their own country. The extent of this ignorance was placed in perspective by a prominent Chinese dissident now in exile in the United States, Liu Binyan, in testimony before the Foreign Relations Committee last November:

> According to an internal report of the Chinese Communist Party, in the two years after the Tiananmen massacre, there were more than 1,500 workers' strikes nationwide. In at least five provinces, underground workers' organizations emerged. There are 43 underground students' organizations in the uni-

versities in Beijing alone. But the vast majority of the Chinese people know nothing about all that I have just mentioned.

The Voice of America [VOA] currently fills some of the information gap in China with approximately 20 hours of daily broadcasting. Consistent with its charter, the VOA concentrates largely on international and American news.

The bill I introduce today would establish a new broadcasting service for China based on the model of Radio Free Europe and Radio Liberty. Under the auspices of the Board for International Broadcasting, the new China service would provide a critical complement to VOA broadcasts by concentrating on news about China. In effect, a Radio Free China would act as a local—or surrogate—broadcasting service in the absence of independent media in China.

Mr. President, China is now history's last great nondemocratic state, where one-fifth of humanity remains condemned to living under the yoke of communism. Despite impressive economic liberalization in China—a trend that I recognize and applaud—the fact remains that China's dictators continue to brutally suppress the democratic instinct and violate fundamental human rights.

To be sure, the establishment of a Radio Free China will not, by itself, bring about a democratic China. It will not, by itself, bring about fundamental political change in China. But it will place the United States on the right side of history—with the one billion people of China. And, as Radio Free Europe and Radio Liberty did for some four decades, a Radio Free China will encourage the democratic instinct to flourish and grow.

Mr. Liu, a former reporter for the People's Daily, the official newspaper of the Chinese Communist Party, articulated this view in his testimony.

The Chinese people need [A Radio Free China] urgently, from which they can learn about the democratic changes in the world [and] the true situation [in] China, both its progress and its problems. I think we must do all that we can to introduce pluralism and democracy into China. And Radio Free China, I am sure, will play an irreplaceable Role.

I want to state clearly that the introduction of this legislation today is not intended to preclude the report of the Commission on Broadcasting to China. As my colleagues will recall, last year I introduced legislation to establish a commission of experts to examine the policy implications and logistical feasibility of instituting a radio broadcasting service to China, similar to Radio Free Europe. The bill was enacted without dissent as part of the State Department Authorization Act.

The 11-member Commission—which consists of members appointed by the congressional leadership and the President—is now in the midst of its deliberations, and will issue its report in early September.

I am proceeding with the introduction of the bill at this time in order to stimulate debate on the issue, both here in Congress and around the country, and to demonstrate the bipartisan support that this concept has in the Senate.

I do not intend to seek action on this bill until the Commission issues its report later this summer. At that time, many questions about myriad issues—such as the funding and staffing requirements, and the program content—will have been answered by the Commission. As appropriate, the Commission's recommendations will be incorporated into this bill.

Mr. President, I am pleased to note that the bill I introduce today has already garnered the cosponsorship of 16 of my colleagues, including the majority leader, as well as a majority of members on the Foreign Relations Committee. I invite other Senators to join in cosponsoring this legislation.

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

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

S. 2985

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Radio Free China Act of 1992."

SEC. 2. FINDINGS.

The Congress finds that—

(1) it is the policy of the United States to promote the right of all people, enshrined in the Universal Declaration of Human Rights, to "seek, receive and impart information and ideas through any media and regardless of frontiers";

(2) pursuant to this policy, the United States has for decades actively supported the dissemination of accurate information and the promotion of democratic ideals among the peoples of nations throughout the world.

(3) prominent in the implementation of this policy has been United States support for Radio Free Europe, Radio Liberty, and Radio Marti, which have broadcast accurate and timely information to the oppressed people of Eastern Europe, the former Soviet Union, and Cuba, respectively, about events in those countries;

(4) the introduction of similar radio broadcasting to the People's Republic of China, a country where all media remain under strict government control, would sharply increase the dissemination among China's citizens of accurate and ideas relating to developments within China itself; and

(5) such broadcasting to the People's Republic of China, conducted in accordance with the highest professionals standards, would serve the goals of United States foreign policy by promoting freedom in China and would bring closer the day when all of the world's major powers are cooperating democracies.

SEC. 3. SUPPORT FOR RADIO BROADCASTING TO CHINA.

The Board for International Broadcasting Act of 1973 (22 U.S.C. 2871 et seq.) is amended by adding at the end thereof the following new section:

"RADIO BROADCASTING TO CHINA

"SEC. 15. (a) The Board for International Broadcasting is authorized to designate one organization constituted on the model of RFE/RL, Incorporated, as eligible to receive funds under this Act for purposes of carrying out radio broadcasting to the People's Republic of China. Such broadcasts shall be designated 'Radio Free China'.

"(b) In implementing subsection (a), the Board for International Broadcasting shall consider the recommendations of the Commission on Broadcasting to the People's Republic of China established by section 243 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (Public Law 102–138; 105 Stat. 705).

"(c)(1) The authorities, responsibilities, requirements, and limitations provided in this Act for the Board, the Comptroller General of the United States, the Secretary of State, and the Board of Directors of the RFE/RL, Incorporated, with respect to RFE/RL, Incorporated, and with respect to the broadcasts by RFE/RL, Incorporated, in Eastern Europe and the former Soviet Union, shall apply with respect to an organization designated under subsection (a) and the broadcasts by that organization in the People's Republic of China.

"(2) Paragraph (1) does not apply to the requirements of section 10 and the authority provided in section 12.".

SEC. 4. BOARD FOR INTERNATIONAL BROADCASTING.

(A) INCREASED MEMBERSHIP.—Section 3(b) of such Act (22 U.S.C. 2872(b)) is amended in paragraph (1)—

(1) by striking out "ten members, one of whom shall be an ex officio member" and inserting in lieu thereof "fourteen, two of whom shall be ex officio members";

(2) by striking out "nine" in the second sentence and inserting in lieu thereof "twelve";

(3) by striking out "five" in the third sentence and inserting in lieu thereof "seven"; and

(4) by striking out the fourth sentence and inserting in lieu thereof the following: "The chief operating executive of RFE/RL, Incorporated, and the chief operating executive of a similar organization designated under section 15 shall each be ex officio members of the Board and may participate in the activities of the Board, but may not vote in the determinations of the Board.".

(b) TERMS OF PRESIDENTIAL APPOINTEES.—Paragraph (3) of such section 3(b) is amended to read as follows:

"(3)(A) Except as provided in subparagraphs (B) and (C), the term of office of each member of the Board appointed by the President shall be three years.

"(B) The terms of office of the individuals initially appointed as the four additional voting members of the Board who are provided for by the Board for International Broadcasting Authorization Act, Fiscal Years 1982 and 1983, shall be one, two, or three years (as designated by the President at the time of their appointment) so that the terms of one-third of the voting members of the Board expire each year.

"(C) Of the members initially appointed as the three additional voting members of the Board provided for by the amendments made by section 4(a) of the Radio Free China Act of 1992, one member shall be appointed for an initial term of one year, one member shall be appointed for an initial term of two years, and one member shall be appointed for an initial term of three years.

"(D) The President shall appoint, by and with the advice and consent of the Senate,

members to fill vacancies occurring prior to the expiration of a term, in which case the members so appointed shall serve for the remainder of such term.

"(E) Any member whose term has expired may serve until his or her successor has been appointed and qualified.".

"(c) TERMS OF EX OFFICIO MEMBERS.—Paragraph (4) of such section 3(b) is amended—

(1) by striking out "The ex officio member" and inserting in lieu thereof "each ex officio member"; and

(2) by inserting before the period at the end the following: ", or as chief operating executive of a similar organization designated under section 15, as the case may be".

SEC. 5. CONFORMING AMENDMENTS.

Section 2 of such Act (22 U.S.C. 2871) is amended—

(1) in paragraph (4), by striking out "as an independent broadcast media" and inserting in lieu thereof "and the establishment of an organization similar to RFE/RL, Incorporated, for conducting radio broadcasting to the People's Republic of China, as independent broadcast media"; and

(2) by striking out paragraph (5) and inserting in lieu thereof the following:

"(5) that it is desirable to establish a Board for International Broadcasting in order—

"(A) to provide an effective instrumentality for the continuation of assistance to RFE/RL, Incorporated, and for the furnishing of assistance to an organization similar to RFE/RL, Incorporated, that conducts radio broadcasting to the People's Republic of China; and

"(B) to encourage a constructive dialog with the peoples of the former Union of Soviet Socialist Republics, Eastern Europe, Afghanistan (until the government in Kabul is repalced by a government achieved through a free act of self-determiantion), and the People's Republic of China.".●

By Mr. KENNEDY:

S. 2986. A bill to place certain conditions on the operation of Federal advisory committees for National Park System units; to the Committee on Energy and Natural Resources.

CONDITIONS ON FEDERAL ADVISORY COMMITTEES FOR NATIONAL PARK SYSTEM UNITS

Mr. KENNEDY. Mr. President, I rise today to introduce a bill to waive certain administrative requirements that have proven burdensome and inefficient at national parks across the country. This legislation is designed to streamline the operations of National Park System advisory committees by remedying two problems that have made it difficult for them to carry out their responsibilities.

These committees serve several important functions. They provide vital insight and advice to the Secretary of the Interior regarding development and regulation of national park lands, and they serve as liaisons between local residents and the Park Service, helping balance their respective needs. Through advisory committees, local residents also become more involved in the preservation of the resources that surround them.

Unfortunately, many of these committees are unduly hindered in serving their communities because of provisions in the Federal Advisory Committee Act that require the filing and approval of a committee charter as well as the appointment of new commissioners every 2 years. Although these tasks should be a matter of simple routine, lengthy delays in the charter renewal process and the approval of new commissioners have left committees incapacitated for months, and sometimes years. These gaps mean that residents are denied an important means of responding to pressing issues and policy matters affecting their communities, and the committees lose the continuity of ongoing evaluation and decisionmaking.

This problem has become a serious issue for the Cape Code National Seashore in Massachusetts, 1 of 10 crown jewels in the National Park System.

The seashore's land protection plan references 60 parcels of land within park boundaries, comprising 275 acres of land, for potential new acquisition to protect the delicate habitat that makes Cape Cod unique. In addition, 14 properties are located within the seashore boundaries that are listed in, or are eligible for inclusion in, the National Register of Historic Places. To effectively manage a program of this scope and address the multitude of local issues that arise, the Park Service needs the continual input and assistance of the Cape Cod National Seashore Advisory Commission. However, the Commission has often been rendered ineffective by the slow process by which its charters have been approved. As a result of the Federal Advisory Committee Act requirements, it has been unable to perform its duties for a total of 2 of the last 6 years.

The Cape Cod National Seashore Advisory Committee is not alone in these troubles. The National Park Service has embraced this legislation as a simple and effective way to ensure greater continuity and efficiency in the management of the seashore and many other parks across the country.

This legislation would waive the provisions of the Federal Advisory Committee Act that required renewal of charters every 2 years with respect to advisory committees associated with national parks, and would enable committee members to continue serving until their successors are approved.

These modest amendments will allow National Park System advisory committees to address more substantive issues by avoiding unnecessary lapses in their ability to function. I urge the Senate to approve this legislation expeditiously.

By Mr. BIDEN:

S.J. Res. 325. A joint resolution entitled the "Collective Security Participation Resolution"; to the Committee on Foreign Relations.

COLLECTIVE SECURITY PARTICIPATION RESOLUTION

● Mr. BIDEN. Mr. President, one remarkable development of recent years—a true precursor of the new world order—is the United Nations active and competent role in fostering the settlement of conflicts in Namibia, Angola, Western Sahara, El Salvador, and Cambodia.

This momentum in collective action must be sustained, and its purpose widened to include combat interventions where principle and justice warrant.

In calling for American leadership to strengthen the institutions of collective security, I am compelled to pause—to lament that Congress, due to its own short-sightedness and a lack of leadership from the President, has failed to provide the fairly assessed U.S. contribution to existing U.N. peacekeeping activities, on which we stand in arreas even as we continue to allocate hundreds of billions of dollars for national defense. No behavior could be more foolish—or cost-ineffective—than to short-change the United Nations just as it has begun to fulfill a peacekeeping role long envisioned but, through most of its existence, seldom possible.

Rather than lagging behind, we should be taking the lead—in the upgrade of the U.N. Security Council's available military powers. As well as blue helmets to preside over ceasefires, actual combat units should be at the Security Council's disposal—and not merely on an ad hoc basis where the process of assembling a consensus, followed by troop commitments, may be too slow to meet urgent need.

It is, I believe, well understood that the collective military assault mounted against Iraq in the gulf war was not conducted by a U.N. force per se. Rather, the United Nations acted under article 42 to sanction the use of "operations by air, sea, or land forces [by] Members of the United Nations." In effect, the United States gathered and then led a coalition—with U.N. approval.

The coalition-building process that proved successful in the gulf war does not constitute an adequate paradigm for all interventions the United Nations may deem necessary. Future crises may require greater speed, and we should strive to create circumstances that do not impose upon the United States the onus either to act unilaterally or to galvanize a U.N. action in which we supply the preponderance of military power.

It was precisely this preference that Pentagon planners exhibited in the recent strategy document that envisaged, with some relish, the exercise of worldwide American military hegemony in the post-cold-war era. Once leaked, this concept, which I dubbed "America as Globo-cop," was repudiated by the Bush administration as an embarrassment. But in truth, the unilateralist mindset continues to blind this administration to our new and expansive opportunity to involve

other nations more fully and systematically in international security.

To realize the full potential of collective security, we must divest ourselves of the vainglorious dream of a Paz Americana and look instead for a means to regularize swift, multinational decision and response.

The mechanism to achieve this lies—unused—in article 43 of the United Nations Charter, which provides that "all members undertake to make available to the Security Council, on its call and in accordance with a special agreement or agreements, armed forces * * * necessary for the purpose of maintaining international peace and security."

Article 43 provides that "the agreement or agreements shall be negotiated as soon as possible." But for 47 years that condition was not met: The cold war polarization that beset the United Nations made it impossible for such force commitments to be negotiated. The agreements envisaged by the U.N. founders—under which nations would designate specific units to be available to the Security Council—have never been made. Article 43, at present, is a promise unfulfilled.

The time has come: The United States, in conjunction with other key nations, should now designate forces under article 43 of the United Nations Charter.

Let it be underscored, for all who would quaver at this proposal, that such action does not require a leap of faith: It does not mean the entrusting of American security—or the entrusting of American troops—to a collective body of questionable reliability. The assignment of United States and other forces to the United Nations means only that specifically designated troop units are committed, first, to participate in advance planning for coordinated use, and second, to be available for action pursuant to a U.N. Security Council decision to which the United States itself must be a party.

If deployed under U.N. auspices, a designated American unit or units—a force that might number some 3,000–8,000 troops—would be used only in conjunction with other forces and for a purpose agreed to by the United States as a leading member of the Security Council.

The essence of such an arrangement is not to increase the probability of American casualties in combat. On the contrary, our purpose in proceeding under article 43 is to build multilateral institutions in which collective force can be reliably used without constant dependence on American Armed Forces, article 43 provides the opportunity to resolve our current dilemma: in which force is not likely to be used, even when needed, unless American troops are deployed unilaterally or to carry the main load in a multinational force.

The United States would designate forces under an article 43 agreement only if it entailed similar and substantial commitments by other powers. Thus, by designating a relatively small contingent of American forces, we would draw other nations into obligations of military responsibility.

In sum, the assignment to the U.N. Security Council of American and other military units would enhance one valuable instrument of American foreign policy—that is, participation in collective military action—without increasing the overall risk to American forces and without the slightest detriment to our ability to act alone if necessary.

Stated conversely, if we do not move to realize the potential of collective action under article 43, we consign ourselves to future dependency on the kind of ad hoc, American-led response that characterized the gulf war. That model may be attractive to some, in that it gives us primacy of place. But in my view, it is unfair, unnecessary, and unwise.

Article 43 represents a means by which the United States can enhance the efficacy of collective security while reducing the likelihood that future crises will compel the men and women of the American Armed Forces to bear a disproportionate burden in collective security.

To encourage negotiation of article 43 commitments by the United States and other powers, I today introduce the collective security participation resolution. This joint resolution would affirm congressional support for the consummation of an article 43 agreement; and it would reaffirm the intent of Congress expressed in the United Nations Participation Act of 1945, in three important respects:

First, an article 43 agreement "shall be subject to the approval of the Congress by appropriate Act or joint resolution."

Second, "the President shall not be deemed to require [further] authorization of the Congress to make available to the Security Council on its call" the military units designated in the agreement.

Third, this authorization may not be construed as authorization to use forces in addition to those forces designated.

Clearly, the enactment of this measure would be only a first step. But it is intended—and I believe it could serve—to create momentum.

What the collective security participation resolution would signify is congressional acceptance, in advance of any article 43 negotiation, of the premise of article 43: That the major powers should be positioned to act, without further delay, once the U.N. Security Council has achieved a consensus to use predesignated forces.

As a dedicated defender of the war power as a shared constitutional power, I stress that this arrangement, if achieved, would not represent an abdication by Congress of its responsibilities. Rather, it would be a judicious congressional exercise of the war power: The delineation by statute of conditions under which the President has limited authority to use force.

At some point, it will be wise to incorporate any such authority into a full rewrite of the War Powers Resolution. But that effort, if it is to produce a satisfactory outcome, must succeed on the basis of a Presidential signature on a new or revised law, rather than enactment over a veto. Current political reality dictates that such a feat of executive-legislative cooperation will be possible only after the White House has shed the monarchist tendency with which it became afflicted during the cold war.

My own concept of a sound revision of the War Powers Resolution—operationally sound and constitutionally sound—is presented in a Georgetown Law Journal issue of 1988, written shortly after I conducted exhaustive hearings as chairman of the Senate's Special Subcommittee on War Powers. I shall pursue the enactment of such a revision at the first moment the Oval Office is again occupied by a President willing to accept the most fundamental of constitutional precepts: that the solemn decision to commit the armed forces of the United States to war requires congressional authorization.

Enactment of the collective security participation resolution, while not necessary as a matter of legal technicality, would be valuable as a matter of political reality.

For four decades—beginning with the Korean war and extending through the Vietnam war to the Gulf war—we have engaged in an agonizing constitutional struggle over the war power. Against that background of chronic dispute, in which I myself have been a dedicated participant, I believe it important that the Congress of today render a modern affirmation concerning the war power: by endorsing a principle of collective security—and the mechanism to carry it out—that the founders of the United Nations and the Congress of 1945 were prepared to affirm nearly half a century ago.

By doing so, we can encourage presidential initiative within the United Nations and provide a solid footing for American leadership in strengthening the United Nations as an instrument of collective security.

To recapitulate: A future crisis could be of such magnitude as to require a major commitment of American forces, which in turn would require specific congressional authorization. In the absence of such authorization, the President would, under a congressional approved article 43 agreement, be preauthorized to commit designated forces—but only designated U.S. forces, only in combination with the des-

ignated forces of other powers, and only pursuant to a Security Council decision to which the United States would be a party.

In strengthening the institutions of collective security, a well-negotiated article 43 agreement would help to move the world beyond the current expectation that effective military action will be taken only with American forces in the lead.

By enacting the collective security participation resolution, Congress would affirm its support for a sound article 43 agreement as integral to a serious American agenda for a new world order.

The potential value of enhanced institutional preparedness for collective military action is underscored by the ongoing disaster in Yugoslavia. There, a barbarism unexpected in modern Europe has unfolded in the face of outside disbelief and a growing recognition of the world's unreadiness, even after the gulf war, to act decisively with collective military force.

For some months, Western nations—all in hope of minimizing the violence—disagreed on the tactics of whether and when to recognize the former Yugoslav Republics as they declared independence. But this disagreement has now been replaced by common horror at the wanton brutalities being inflicted by Serbian forces.

Were the U.N. Security Council or the CSCE adequately equipped, both by political disposition and the ready availability of military forces, the question of intervention could now be addressed on its merits, without the impediment of massive institutional complexity. The question of intervention in Yugoslavia instructs us: If our multinational bodies are to act when needed, we must first prepare them to act.

If we are to find any gain from the tragedy of Yugoslavia, it must be in the momentum it provides in moving us more swiftly down both paths of expanded commitment to collective military action—the formal adoption by NATO of a peacekeeping and intervention role, and a more formal commitment by key U.N. members to military action under the auspices of the U.N. Security Council.

Just as Neville Chamberlain's trip to Munich in 1938 stands as a permanent warning of the futility of appeasement, the unabated slaughter in Bosnia offers a new lesson: If we do not prepare for collective action, the end of the cold war could usher in not a new world order but an era of endless interethnic blooddletting.

American leadership to achieve this expanded commitment to collective security will serve, together with a new strategy of worldwide weapons containment, to complete the military dimension of the new world order agenda I outlined in three addresses to the Senate earlier this week.

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

There being no objection, the joint resolution ordered to be printed in the RECORD, as follows:

S.J. RES. 325

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TITLE.

This Resolution may be cited as the "Collective Security Participation Resolution".

SEC. 2. FINDINGS.

Congress finds as follows:

(1) the end of the Cold Was has opened unprecedented opportunity for multilateral cooperation, under United Nations auspices, in collective military actions to maintain and, where necessary, restore the peace;

(2) collective military action in response to Iraq's invasion of Kuwait was taken under Article 42 of the United Nations Charter, under which the Security Council may authorize the use of "operations by air, sea, or land forces [by] Members of the United Nations";

(3) under Article 42, and pursuant to authorization by the Congress, the United States undertook military actions in Kuwait and Iraq as leader of a multinational coalition with United Nations sanction;

(4) an alternative means of taking action under the auspices of the United Nations Security Council is envisaged by Article 43 of the Charter, which provides that "all members undertake to make available to the Security Council, on its call and in accordance with a special agreement or agreements, armed forces . . . necessary for the purpose of maintaining international peace and security";

(5) although Article 43 provides that "the agreement or agreements shall be negotiated as soon as possible," no agreement under Article 43 has ever been reached during the U.N.'s 47-year history;

(6) from the American perspective, the formal designation of forces from various nations under Article 43 offers the opportunity to involve other nations more promptly and reliably in future collective security actions, and could thereby strengthen the institutions of collective security while spreading the burden of collective security more equitably;

(7) American leadership in achieving "a special agreement or agreements" under Article 43 would therefore serve the national interests of the United States;

(8) The United Nations Participation Act of 1945 (P.L. 79-264) provides that:

(A) the President is authorized to negotiate an agreement with the Security Council "providing for the numbers and types of armed forces, their degree of readiness and general locations, and the nature of facilities and assistance, including rights of passage, to be made available to the Security Council on its call for the purpose of maintaining international peace and security in accordance with Article 43 of the Charter";

(B) any such agreement "shall be subject to the approval of the Congress by appropriate Act or joint resolution";

(C) "the President shall not be deemed to require the authorization of the Congress to make available to the Security Council on its call . . . pursuant to such special agreement or agreements the Armed Forces, facilities, or assistance provided for therein";

(D) this authorization shall not be "construed as an authorization to the President by the Congress to make available to the Security Council for such purpose armed forces, facilities, or assistance in addition to the forces, facilities, and assistance provided for in such special agreement or agreements."

SEC. 3. AGREEMENT AND ACTION UNDER ARTICLE 43 OF THE UNITED NATIONS CHARTER.

(a) NEGOTIATION OF AGREEMENT.—Congress urges the President to take all appropriate steps to negotiate, under Article 43 of the United Nations Charter, "a special agreement or agreements" with equitable terms under which designated forces from various countries, including the United States, would be "available to the Security Council . . . for the purpose of maintaining international peace and security."

(b) CONGRESSIONAL ROLE.—In recognition of the importance of an Article 43 agreement to United States national security interests, Congress—

(1) urges the President to consult with the foreign affairs and defense committees of the Congress in the course of negotiating an Article 43 agreement;

(2) expresses its intent to give prompt consideration to any such agreement negotiated under Article 43 of the Charter.

(c) AUTHORIZATION TO USE FORCE PURSUANT TO ARTICLE 43.—Congress affirms the principle that, upon congressional approval of a United States agreement under Article 43 of the Charter, the President shall be authorized to direct that the United States Armed Forces designated in such agreement be employed as may be necessary to support decisions of the United Nations Security Council.●

ADDITIONAL COSPONSORS

S. 21

At the request of Mr. CRANSTON, the name of the Senator from Texas [Mr. BENTSEN] was added as a cosponsor of S. 21, a bill to provide for the protection of the public lands in the California desert.

S. 68

At the request of Mr. THURMOND, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 68, a bill to amend title 10, United States Code, to authorize the appointment of chiropractors as commissioned officers in the Armed Forces to provide chiropractic care, and to amend title 37, United States Code, to provide special pay for chiropractic officers in the Armed Forces.

S. 664

At the request of Mr. THURMOND, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of S. 664, a bill to require that health warnings be included in alcoholic beverage advertisements, and for other purposes.

S. 1231

At the request of Mr. BENTSEN, the names of the Senator from Hawaii [Mr. INOUYE] and the Senator from Hawaii [Mr. AKAKA] were added as cosponsors of S. 1231, a bill to amend title XVIII of the Social Security Act to provide for coverage of colerectal screening examinations and certain immunizations

under part B of the Medicare Program, and for other purposes.

S. 1521

At the request of Mr. MCCONNELL, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 1521, a bill to provide a cause of action for victims of sexual abuse, rape, and murder, against producers and distributors of hard-core pornographic material.

S. 1578

At the request of Mr. THURMOND, the names of the Senator from Maryland [Mr. SARBANES] and the Senator from Minnesota [Mr. DURENBERGER] were added as cosponsors of S. 1578, a bill to recognize and grant a Federal charter to the Military Order of World Wars.

S. 1872

At the request of Mr. BENTSEN, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 1872, a bill to provide for improvements in access and affordability of health insurance coverage through small employer health insurance reform, for improvements in the portability of health insurance and for health care cost containment and for other purposes.

S. 1877

At the request of Mr. BOND, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 1877, a bill to require the use of child restraint systems on commercial aircraft.

At the request of Mr. BOREN, the name of the Senator from New Mexico [Mr. DOMENICI] was added as a cosponsor of S. 1877, supra.

S. 2334

At the request of Mr. WIRTH, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of S. 2334, a bill to extend the statute of limitations applicable to civil actions brought by the Federal conservator or receiver of a failed depository institution.

S. 2484

At the request of Mr. KASTEN, the names of the Senator from Mississippi [Mr. LOTT] and the Senator from Alabama [Mr. SHELBY] were added as cosponsors of S. 2484, a bill to establish research, development, and dissemination programs to assist State and local agencies in preventing crime against the elderly, and for other purposes.

S. 2624

At the request of Mr. GLENN, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 2624, a bill to authorize appropriations for the Interagency Council on the Homeless, the Federal Emergency Management Food and Shelter Program, and for other purposes.

S. 2632

At the request of Ms. MIKULSKI, the name of the Senator from Connecticut [Mr. LIEBERMAN] was added as a cosponsor of S. 2632, a bill to establish the National Environmental Technologies Agency.

S. 2643

At the request of Mr. BENTSEN, the names of the Senator from Michigan [Mr. LEVIN], the Senator from Arizona [Mr. DECONCINI], and the Senator from New Jersey [Mr. BRADLEY] were added as cosponsors of S. 2643, a bill to amend title XVIII of the Social Security Act to limit modification of the methodology for determining the amount of time that may be billed for anesthesia services under such title, and for other purposes.

S. 2696

At the request of Mr. DOMENICI, the name of the Senator from Kansas [Mr. DOLE] was added as a cosponsor of S. 2696, a bill to establish a comprehensive policy with respect to the provision of health care coverage and services to individuals with severe mental illnesses, and for other purposes.

S. 2749

At the request of Mr. SEYMOUR, the names of the Senator from Missouri [Mr. DANFORTH] and the Senator from Missouri [Mr. BOND] were added as cosponsors of S. 2749, a bill to grant a right of use and occupancy of a certain tract of land in Yosemite National Park to George R. Lange and Lucille F. Lange, and for other purposes.

S. 2763

At the request of Mr. ROTH, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of S. 2763, a bill to establish the Mike Mansfield Fellowship Program for intensive training in the Japanese language, government, politics, and economy.

S. 2794

At the request of Mr. DOLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 2794, a bill to relieve the regulatory burden on depository institutions, particularly on small depository institutions, and for other purposes.

S. 2804

At the request of Mrs. KASSEBAUM, the name of the Senator from Louisiana [Mr. JOHNSTON] was added as a cosponsor of S. 2804, a bill to establish a program to provide technical assistance to employers and labor unions, in order to assist in preparing the workplace to employ women in apprenticeable occupations and other nontraditional occupations, and for other purposes.

S. 2810

At the request of Mr. HOLLINGS, his name was added as a cosponsor of S. 2810, a bill to recognize the unique status of local exchange carriers in providing the public switched network infrastructure and to ensure the broad availability of advanced public switched network infrastructure.

S. 2841

At the request of Mr. D'AMATO, the names of the Senator from Hawaii [Mr. AKAKA], the Senator from Arkansas [Mr. BUMPERS], the Senator from Indiana [Mr. COATS], and the Senator from North Dakota [Mr. CONRAD] were added as cosponsors of S. 2841, a bill to provide for the minting of coins to commemorate the World University Games.

S. 2870

At the request of Mr. RUDMAN, the names of the Senator from Vermont [Mr. LEAHY], the Senator from New Jersey [Mr. LAUTENBERG], and the Senator from Wisconsin [Mr. KOHL] were added as cosponsors of S. 2870, a bill to authorize appropriations for the Legal Services Corporation, and for other purposes.

S. 2873

At the request of Mr. BREAUX, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 2873, a bill to amend the Internal Revenue Code of 1986 to establish medical care savings benefits.

S. 2877

At the request of Mr. BAUCUS, the name of the Senator from Oklahoma [Mr. BOREN] was added as a cosponsor of S. 2877, a bill entitled the "Interstate Transportation on Municipal Waste Act of 1992."

S. 2883

At the request of Mr. RIEGLE, the name of the Senator from Utah [Mr. GARN] was added as a cosponsor of S. 2883, a bill to amend title VII of the Tariff Act of 1930 to include interim processors within industries producing processed agricultural products, and for other purposes.

S. 2889

At the request of Mr. BOREN, the names of the Senator from Arizona [Mr. DECONCINI], the Senator from Kentucky [Mr. FORD], the Senator from Washington [Mr. GORTON], and the Senator from Alabama [Mr. SHELBY] were added as cosponsors of S. 2889, a bill to repeal section 5505 of title 38, United States Code.

S. 2893

At the request of Mr. PRYOR, the names of the Senator from Kentucky [Mr. FORD], and the Senator from Texas [Mr. BENTSEN] were added as cosponsors of S. 2893, a bill to provide for assistance to Federal employees in reduction in force actions of Federal personnel, and for other purposes.

S. 2895

At the request of Mr. ADAMS, the names of the Senator from Tennessee [Mr. GORE], the Senator from Connecticut [Mr. LIEBERMAN], and the Senator from South Dakota [Mr. DASCHLE] were added as cosponsors of S. 2895, a bill to provide a program for rural development for communities and businesses in the Pacific Northwest and northern California, to provide retraining assistance for workers in the Pacific Northwest and northern California who have been dislocated from the timber har-

vesting, log hauling and transportation, saw mill, and wood products industries, to provide cost share and forest management assistance to private landowners in the Pacific Northwest and northern California in order to ensure the long-term supply of Pacific yew for medicinal purposes, to preserve Federal watersheds and late-successional and old-growth forests in the Pacific Northwest and northern California, to provide oversight of national forest ecosystem management throughout the United States, to provide for research on national forest ecosystem management, and for other purposes.

S. 2921

At the request of Mr. FOWLER, the name of the Senator from Vermont [Mr. LEAHY] was added as a cosponsor of S. 2921, a bill to reform the administrative decisionmaking and appeals processes of the Forest Service, and for other purposes.

S. 2922

At the request of Mr. COHEN, the names of the Senator from Wyoming [Mr. SIMPSON], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Arizona [Mr. DECONCINI] were added as cosponsors of S. 2922, a bill to assist the States in the enactment of legislation to address the criminal act of stalking other persons.

SENATE JOINT RESOLUTION 242

At the request of Mr. SPECTER, the names of the Senator from Louisiana [Mr. JOHNSTON], and the Senator from Vermont [Mr. JEFFORDS] were added as cosponsors of Senate Joint Resolution 242, a joint resolution to designate the week of September 13, 1992, through September 19, 1992, as "National Rehabilitation Week."

SENATE JOINT RESOLUTION 293

At the request of Mr. SASSER, the names of the Senator from Arizona [Mr. DECONCINI], the Senator from Arizona [Mr. MCCAIN], the Senator from Delaware [Mr. BIDEN], and the Senator from Indiana [Mr. COATS] were added as cosponsors of Senate Joint Resolution 293, a joint resolution designating the week beginning November 1, 1992, as "National Medical Staff Services Awareness Week."

SENATE JOINT RESOLUTION 306

At the request of Mr. D'AMATO, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of Senate Joint Resolution 306, a joint resolution designating October 1992 as "Italian-American Heritage and Culture Month."

SENATE JOINT RESOLUTION 309

At the request of Mr. CRANSTON, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of Senate Joint Resolution 309, a joint resolution designating the week beginning November 8, 1992, as "National Women Veterans Recognition Week."

SENATE JOINT RESOLUTION 321

At the request of Mr. KOHL, the names of the Senator from Maryland [Ms. MIKULSKI] and the Senator from Arkansas [Mr. BUMPERS] were added as cosponsors of Senate Joint Resolution 321, a joint resolution designating the week beginning March 21, 1993, as "National Endometriosis Awareness Week."

SENATE CONCURRENT RESOLUTION 81

At the request of Ms. MIKULSKI, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of Senate Concurrent Resolution 81, a concurrent resolution expressing the sense of the Congress regarding visionary art as a national treasure and regarding the American Visionary Art Museum as a national repository and educational center for visionary art.

SENATE CONCURRENT RESOLUTION 113

At the request of Mr. ROCKEFELLER, his name was added as a cosponsor of Senate Concurrent Resolution 113, a concurrent resolution concerning the 25th anniversary of the reunification of Jerusalem.

SENATE CONCURRENT RESOLUTION 126

At the request of Mr. SHELBY, the names of the Senator from North Dakota [Mr. CONRAD] and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of Senate Concurrent Resolution 126, a concurrent resolution expressing the sense of the Congress that equitable mental health care benefits must be included in any health care reform legislation passed by the Congress.

SENATE CONCURRENT RESOLUTION 127

At the request of Mr. DECONCINI, the names of the Senator from Washington [Mr. ADAMS], the Senator from Mississippi [Mr. COCHRAN], the Senator from Connecticut [Mr. DODD], the Senator from Indiana [Mr. LUGAR], the Senator from North Carolina [Mr. SANFORD], the Senator from California [Mr. SEYMOUR], the Senator from Virginia [Mr. WARNER], and the Senator from Minnesota [Mr. WELLSTONE] were added as cosponsors of Senate Concurrent Resolution 127, a concurrent resolution to express the sense of the Congress that women's soccer should be a medal sport at the 1996 centennial Olympic games in Atlanta, GA.

SENATE RESOLUTION 314

At the request of Mr. DECONCINI, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of Senate Resolution 314, a resolution concerning the provision of humanitarian aid to civilian populations in and around Sarajevo.

SENATE RESOLUTION 324—RELATIVE TO THE DECLASSIFICATION OF CERTAIN DOCUMENTS

Mr. KERRY (for himself, Mr. SMITH, Mr. ROBB, Mr. GRASSLEY, Mr. BROWN, Mr. DASCHLE, Mr. HELMS, Mrs. KASSEBAUM, Mr. KERREY, Mr. KOHL, Mr. MCCAIN, Mr. REID, Mr. BUMPERS, Mr. LAUTENBERG, and Mr. DODD) submitted the following resolution; which was considered and agreed to:

S. RES. 324

Whereas mistrust and suspicion of the Government's activities on POW/MIA matters have hindered efforts to resolve questions about our lost servicemen;

Whereas much of the Government's information on the POW/MIA issue is outdated and over-classified, and its public release would not harm national security;

Whereas the public interest would best be served if all POW/MIA information in the government's possession would be appropriately declassified forthwith;

Whereas the immediate priority of the government's efforts to resolve the POW/MIA issue should be swift and comprehensive declassification;

Whereas the Committee has received from the Executive Branch copies of documents that are currently classified and that the Committee needs for use at a public hearing scheduled for August 4–5, 1992, and for subsequent hearings;

Whereas issuance of an Executive Order by the President will be the fastest and most efficient means of declassifying records pertaining to POWs and MIAs;

Whereas issuance of such an Executive Order would permit the broadest declassification of records pertaining to POWs and MIAs; and

Whereas controversies between branches of government should be resolved by voluntary accommodation whenever possible: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President of the United States expeditiously issue an Executive Order requiring all Executive Branch departments and agencies to declassify and publicly release without compromising United States national security all documents, files, and other materials pertaining to POWs and MIAs.

AMENDMENTS SUBMITTED

FREEDOM FOR RUSSIA AND EMERGING EURASIAN DEMOCRACIES AND OPEN MARKETS SUPPORT ACT

LIEBERMAN (AND OTHERS) AMENDMENT NO. 2678

Mr. LIEBERMAN (for himself, Mr. BAUCUS, Mr. ROTH, Mr. DECONCINI, Mr. GARN, Mr. BOREN, Mr. BENTSEN, Mr. DOLE, Mr. ADAMS, Mr. PELL, Mr. SIMPSON, Mr. BYRD, Mr. WOFFORD, Mr. DOMENICI, and Mr. MURKOWSKI) proposed an amendment to the bill (S. 2532) entitled the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act", as follows:

On page 52, after line 13, add the following new section:

SEC. 21. BUSINESS AND COMMERCIAL DEVELOPMENT IN THE FORMER SOVIET UNION.

(a) FINDINGS.—The Congress finds that—

(1) United States jobs and competitiveness will be enhanced if American business and

agriculture play a significant role in the development of market economies of the independent states of the former Soviet Union;

(2) it is in the interest of the United States that all assistance programs be structured to maximize the purchase of United States goods and services;

(3) American businesses are the key to the viable restructuring of the independent states of the former Soviet Union;

(4) active United States business participation in the commercial development of the former Soviet Union will create new markets and jobs for the United States as well as enhance development in these nations;

(5) assistance under this Act should be considered an investment in the economic future of both the United States and the independent states of the former Soviet Union;

(6) the United States Government can play an important role in assisting United States exporters in the rapidly changing and highly competitive markets of the independent states of the former Soviet Union;

(7) assistance for the independent states of the former Soviet Union should be equitably distributed within each such state, and this should include technical assistance, additional Foreign Commercial Service officers, and financing through the Overseas Private Investment Corporation, the Export-Import Bank of the United States, and the Trade and Development Program; and

(8) it is in the interest of the American business community and the independent states of the former Soviet Union for the United States Government to move expeditiously—

(A) to open up new consulates throughout such states, particularly those already scheduled to be opened; and

(B) to provide timely consideration in the issuance of visas.

(b) ADVISORY COUNCIL.—(1) The President is authorized to establish an advisory council to be known as the New Independent States Business and Agriculture Advisory Council (hereafter in this section referred to as the "Council").

(2) The duties of the Council would be—

(A) to advise the President regarding programs of assistance for the independent states of the former Soviet Union;

(B) to evaluate the adequacy of bilateral and multilateral assistance programs that would facilitate exports and investments by American firms in the independent states of the former Soviet Union; and

(C) to consult with the President periodically with respect to the matters described in subparagraphs (A) and (B).

(3) The Council should consist of fifteen members drawn from United States firms reflecting diverse businesses and perspectives that have experience and expertise relevant in dealing with the independent states of the former Soviet Union.

(4) The membership of the Council should be appointed as follows:

(A) Five members appointed by the President, one of whom the President shall designate to serve as chairman.

(B) Five members appointed by the President, upon the recommendation of the Speaker of the House of Representatives and the Minority Leader of the House of Representatives.

(C) Five members appointed by the President, upon the recommendation of the Majority and Minority Leaders of the Senate.

(5)(A) Members of the Council should receive no additional pay by reason of their service on the Council.

(B) Upon request of the Chairman of the Council, the head of any United States Government agency may detail, on a nonreimbursable basis, any of the personnel of such agency to the Council to assist the Council in carrying out its duties under this Act.

(c) ALLOCATION OF AGENCY FOR INTERNATIONAL DEVELOPMENT FUNDS.—The President is authorized and encouraged to use a portion of the funds made available for the independent states of the former Soviet Union under the Foreign Assistance Act of 1961—

(1) to fund capital projects, including projects for telecommunications, environmental cleanup, power production, and energy related projects; and

(2) to fund intermediary industrial goods and other consumables in order to promote self-sufficiency.

(d) EXPORT FINANCING AND PROMOTION.—(1)(A) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the Export-Import Bank of the United States, the Trade and Development Program, and the Overseas Private Investment Corporation (hereafter in this section referred to as "OPIC") such sums as may be necessary to carry out this Act, including—

(i) the provision of commercial and technical assistance, implemented in cooperation with United States businesses on a cost-sharing basis, which, to the maximum extent feasible, would support the identification and development of priority sectors in the independent states of the former Soviet Union, including defense conversion, energy, energy efficiency, environmental protection, nuclear safety, agriculture, food processing and distribution, pharmaceuticals, transportation, telecommunications, education and training, and industrial and infrastructure modernization; and

(ii) the provision of support for projects undertaken by United States business on the basis of partnership, joint venture, contractual, or other cooperative agreements with appropriate entities in the independent states of the former Soviet Union.

(B) Amounts authorized to be appropriated by subparagraph (A) are authorized to remain available until expended.

(2) The Export-Import Bank of the United States is authorized to use the maximum amount of flexibility in supporting projects in the independent states of the former Soviet Union, including using project financing or other appropriate financing arrangements, in addition to flexibility otherwise authorized under this or any other Act.

(3) OPIC is authorized to use the maximum amount of flexibility with its programs, including coverage of contract frustration by government or private sector entities in the independent states of the former Soviet Union, in addition to flexibility otherwise authorized under this or other Acts.

(4) The President is authorized and encouraged to direct the Export-Import Bank of the United States, OPIC, TDP, the Agency for International Development, and the Department of Commerce to coordinate through the Trade Promotion Coordinating Committee their efforts in assisting American businesses and the independent states of the former Soviet Union, and such agencies and entities are encouraged to develop common eligibility criteria, to the extent possible, for operating their programs in the independent states of the former Soviet Union.

(e) DEPARTMENT OF COMMERCE.—(1) The Secretary of Commerce should—

(A) provide technical assistance to the independent states of the former Soviet Union through programs and projects for business and commercial development, including demonstration projects, especially in priority sectors described in subsection (d)(1)(A)(i), business consortia, business training and exchange programs, binational business development committees, the development of product standards, and the cost of preparing business opportunity profiles of those states using both United States private sector and local expertise;

(B) expand the Foreign Commercial Service in the independent states of the former Soviet Union, including the business centers described in this Act;

(C) develop a center to assist United States small- and medium-sized businesses in entering the commercial markets of the independent nations of the former Soviet Union, and to the maximum extent possible, the Department of Commerce should contract with a United States expert organization with proven experience in trade relations with the independent nations of the former Soviet Union to assist with the functioning of this center; and

(D) submit a report to Congress twelve months after the date of enactment of this Act, and annually thereafter, which will analyze the programs of other industrialized nations to assist their firms with their efforts to transact business in the independent states of the former Soviet Union and will include an examination of the trading practices of other OECD nations, as well as the pricing practices of transitional economies, that may disadvantage United States firms.

(2)(A) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the Secretary of Commerce such funds as may be necessary to carry out this subsection.

(B) Funds authorized to be appropriated by subparagraph (A) are authorized to remain available until expended.

(f) UTILIZATION OF ENERGY WORKING GROUP.—(1) The Trade Promotion Coordinating Committee should utilize its interagency working group on energy to assist American energy sector companies to develop a long-term strategy for penetrating the energy market in the independent states of the former Soviet Union.

(2) The energy working group should—

(A) work with officials from the independent states of the former Soviet Union in creating an environment conducive to United States energy investment;

(B) help to coordinate assistance to American companies, particularly defense companies, involved with projects to clean up former Soviet nuclear weapons sites and commercial nuclear waste; and

(C) work with representatives from American business and industry involved with the energy sector to help facilitate the identification of business opportunities, including the promotion of environmentally sound oil, gas, and clean coal technology and products and energy efficiency and the formation of joint ventures between American companies and companies of the independent nations of the former Soviet Union.

(g) POLICY ON REPAYMENT OF DEBT.—It is the sense of the Congress that the independent states of the former Soviet Union should address the issue of repayment of overdue commercial debt and other commercial obligations, including the recognition and availability of hard currency obligations of agencies of the former Soviet Government to American businesses.

LIEBERMAN (AND OTHERS) AMENDMENT NO. 2679

Mr. LIEBERMAN (for himself, Mr. GORE, and Mr. DOMENICI) proposed an amendment to the bill S. 2532, supra, as follows:

On page 52, after line 13, add the following new section:

SEC. 21. ESTABLISHMENT OF FOUNDATION.

(a) ESTABLISHMENT.—The Director of the National Science Foundation (hereafter in this section referred to as the "Director") is authorized to establish an endowed, nongovernmental, nonprofit foundation (hereafter in this section referred to as the "Foundation") in consultation with the Director of the National Institute of Standards and Technology.

(b) PURPOSES.—The purposes of the Foundation shall be the following:

(1) To provide productive research and development opportunities within the independent states of the former Soviet Union that offer scientists and engineers alternatives to emigration and help prevent the dissolution of the technological infrastructure of the independent states.

(2) To advance defense conversion by funding civilian collaborative research and development projects between scientists and engineers in the United States and in the independent states of the former Soviet Union.

(3) To assist the establishment of a market economy in the independent states of the former Soviet Union by promoting, identifying, and partially funding joint research, development, and demonstration ventures between United States businesses and scientists, engineers, and entrepreneurs in those independent states.

(4) To provide a mechanism for scientists, engineers, and entrepreneurs in the independent states of the former Soviet Union to develop an understanding of commercial business practices by establishing linkages to United States scientists, engineers, and businesses.

(5) To provide access for United States businesses to sophisticated new technologies, talented researchers, and potential new markets within the independent states of the former Soviet Union.

(c) FUNCTIONS.—In carrying out its purposes, the Foundation shall—

(1) promote and support joint research and development projects for peaceful purposes between scientists and engineers in the United States and former Soviet states on subjects of mutual interest; and

(2) seek to establish joint nondefense industrial research, development, and demonstration activities through private sector linkages which may involve participation by scientists and engineers in the university or academic sectors, and which shall include some contribution from industrial participants.

(d) FUNDING—

(1) DEBT CONVERSIONS.—To the extent provided in advance by appropriation Acts, local currencies or other assets resulting from government-to-government debt conversions may be made available to the Foundation. For purposes of this paragraph, the term "debt conversion" means an agreement whereby a country's government-to-government or commercial external debt burden is exchanged by the holder for local currencies, policy commitments, other assets, or other economic activities, or for an equity interest in an enterprise theretofore owned by the debtor government.

(2) LOCAL CURRENCIES.—In addition to other uses provided by law, and subject to agreement with the foreign government, local currencies generated by United States assistance programs may be made available to the Foundation.

(3) INVESTMENT OF GOVERNMENT ASSISTANCE.—The Foundation may invest any revenue provided to it through United States Government assistance, and any interest earned on such investment may be used only for the purpose for which the assistance was provided.

(4) CONTRIBUTION TO ENDOWMENT BY PARTICIPATION INDEPENDENT STATES.—As a condition of participation in the Foundation, an independent state of the former Soviet Union must make a minimum contribution to the endowment of the Foundation, as determined by the Director, which shall reflect ability of the independent state to make a financial contribution and its expected level of participation in the Foundation's programs.

(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated, and made available to the Director, to establish the endowment of the Foundation and otherwise carry out this section, such sums as may be necessary.

GORE (AND OTHERS) AMENDMENT NO. 2680

Mr. GORE (for himself, Mr. LIEBERMAN, Mr. D'AMATO, and Mr. MOYNIHAN) proposed an amendment to the bill S. 2532, supra, as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . INELIGIBILITY FOR ASSISTANCE OF INSTITUTIONS WITHHOLDING THE PROPERTY OF UNITED STATES NATIONALS.

(a) PROHIBITION.—Except as provided in subsection (b), no agency, instrumentality, or other Government entity of any independent state of the former Soviet Union, may be eligible to receive assistance, participate in any cooperative activity under any provision of United States law, or otherwise use funds made available under this Act or any other Act, if—

(1) on the date of enactment, there is outstanding a final judgment by a court of competent jurisdiction within that state that the entity or institution, as the case may be, is withholding unlawfully the property of United States persons; and

(2) the Secretary of State determines, within 90 days of a request by the United States persons affected, that execution of the court's judgment is blocked as the result of extra-judicial causes, including any of the following:

(A) A declared refusal of the defendant to comply.

(B) The unwillingness or failure of local authorities to enforce compliance.

(C) The issuance of an administrative decree nullifying a court's judgment or forbidding compliance.

(D) The passage of legislation, after a court's judgment, nullifying that judgment or forbidding compliance with that judgment.

(b) EXCEPTION FOR HUMANITARIAN ASSISTANCE.—The prohibition contained in subsection (a) shall not apply to the provision of humanitarian assistance in any of the independent states of the former Soviet Union.

(c) WAIVER AUTHORITY.—The Secretary of State may waive the application of subsection (a) whenever the Secretary finds that—

(1) the court's judgment has been executed; or

(2) it is vital to the national interests of the United States to do so.

(d) Nine months after the date of enactment of this Act, the Secretary of State shall report to the Speaker of the U.S. House of Representatives and the Chairman of the Senate Foreign Relations Committee the status of judgments entered by CIS courts of final jurisdiction involving U.S. persons.

(e) DEFINITIONS.—For purposes of this section—

(1) the term "humanitarian assistance" includes the provision of food, medicine, or clothing;

(2) the term "United States person" means—

(A) any citizen, national, or permanent resident alien of the United States; and

(B) any corporation, partnership, or other juridical entity which is 50 percent or more beneficially owned by individuals described in subparagraph (A).

BRADLEY (AND OTHERS) AMENDMENT NO. 2681

Mr. BRADLEY (for himself, Mr. KERREY, Mr. BOREN, Mr. WIRTH, Mr. DIXON, Mr. BRYAN, Mr. REID, Mr. KENNEDY, and Mr. HARKIN) proposed an amendment to the bill S. 2532, supra, as follows:

At the end of the bill, add the following new title:

TITLE II—FREEDOM EXCHANGE ACT

Subtitle A—In General

SEC. 201. SHORT TITLE.

This title may be cited as the "Freedom Exchange Act".

SEC. 202. STATEMENT OF PURPOSE.

The purpose of this title is—

(1) to bring young people of the former Soviet Union and the Baltic states to the United States so that they might experience first-hand how a free market democracy functions;

(2) to assist the skill-building process necessary for both institution-building and nation-building; and

(3) to ease immigration restrictions to allow the freer flow of scientists and others from the former Soviet Union knowledgeable in the production of nuclear weapons.

SEC. 203. DEFINITIONS.

As used in this title—

(1) the term "Baltic states" means Latvia, Lithuania, and Estonia;

(2) the term "Endowment" means the corporation described in section 211(b)(2);

(3) the term "institution of higher education" has the same meaning as is given to such term by section 1201(a) of the Higher Education Act of 1965;

(4) the term "independent states of the former Soviet Union" includes the following states that formerly were part of the Soviet Union: Armenian, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; and

(5) the term "secondary school" has the same meaning given to such term by section 1471(21) of the Elementary and Secondary Education Act of 1965.

Subtitle B—Educational Exchange Program

SEC. 211. AUTHORITIES FOR AWARDING GRANTS.

(a) GENERAL AUTHORITY.—The President shall establish and carry out an exchange program in accordance with this subtitle. In carrying out such a program, the President shall award, on a competitive basis, grants

to eligible organizations to enable such organizations to finance—

(1) the exchange of secondary school students in accordance with section 212;

(2) the exchange of college students in accordance with section 213;

(3) the exchange of graduate students in accordance with section 214;

(4) visits and interchanges of professors and educators in accordance with section 215; and

(5) internships in accordance with section 216.

(b) ELIGIBLE ORGANIZATIONS.—For the purpose of this subtitle, the term "eligible organization" means—

(1) during fiscal year 1993, any private nonprofit organization which has experience in exchange programs and demonstrates a capacity to carry out such programs in the independent states of the former Soviet Union or in the Baltic States; and

(2) during fiscal years 1994 through 1997, a private, nonprofit corporation to be established which shall be designated by the President to carry out the educational exchange program assisted under this subtitle through the awarding of grants to private, nonprofit organizations described in paragraph (1), which corporation shall be known as the Educational Exchange Endowment (hereafter in this title referred to as the "Endowment").

(c) DURATION.—The President shall award grants under this section during the period beginning on October 1, 1992, and ending on September 30, 1997.

(d) ADMINISTRATIVE EXPENSES.—Each eligible organization receiving a grant under this subtitle may use not more than 10 percent of such grant for administrative expenses.

(e) APPLICATION.—(1) Each eligible organization seeking a grant under this section shall submit an application to the President at such time, in such manner, and accompanied by such information as the President may reasonably require.

(2) Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities for which assistance under this section is sought; and

(B) provide such additional assurances as the President determines to be essential to ensure compliance with the requirements of this section.

(f) MATCHING FUNDS.—The President is authorized to seek private funds to supplement or match public grants for the programs authorized by this title.

(g) ELIGIBILITY FOR GRANTS.—Grants may be made to eligible organizations only if such organizations agree to comply with the requirements specified in this subtitle.

(h) IMPLEMENTATION.—In carrying out this subtitle, the President shall—

(1) encourage colleges and universities receiving students to supplement public grants with their own resources, to the extent possible; and

(2) allow for a wide range of United States institutions to participate in programs under this subtitle.

(i) COMPLIANCE WITH BUDGET ACT.—The authority to make grants under this title shall be effective only to such extent or in such amount as are provided in appropriations Acts.

SEC. 212. SECONDARY SCHOOL STUDENTS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(1) shall be used to finance—

(A) visits of short duration by eligible secondary students, to the United States, to any of the independent states of the former Soviet Union, or to any Baltic state, with priority accorded to visits that take place during fiscal year 1993; or

(B) studies, instruction, and other educational exchange activities in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, for eligible secondary school students.

(2) Of the amount of grants awarded under section 211(a)(1), not more than 35 percent in fiscal year 1993 and not more than 15 percent in each of fiscal years 1994 through 1997 may be used for the purpose of paragraph (1)(A).

(b) CONDITIONS.—(1) The President may require that a portion of a grant awarded under section 211(a)(1) be used only for educational activities that are conditioned on the reciprocal exchange of American students.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(1) may be used to finance educational exchanges of American students under this section.

(3) No grant awarded under section 211(a)(1) may be used to reimburse any United States citizen for hosting an eligible secondary student.

(c) DEFINITION.—For purposes of this section, the term "eligible secondary school student" means a secondary school student from the United States, any of the independent states of the former Soviet Union, or any Baltic state who—

(1) is at least 15 years of age;

(2) is attending school at a grade level equivalent to any of the grade levels 10 through 12 in United States secondary schools or has just completed secondary school in any of the independent states of the former Soviet Union or any Baltic state; and

(3) has a minimum level of proficiency in English, as determined by testing.

(d) ADMINISTRATION.—To the maximum extent practicable, a grant under this section shall be used to support the activities described in subsection (a) for secondary school students of widely divergent backgrounds.

(e) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $65,000,000 for fiscal year 1993, $165,000,000 for fiscal year 1994, and $240,000,000 for the period consisting of fiscal years 1995 and 1996, and $120,000,000 for fiscal year 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 213. COLLEGE STUDENTS.

(a) GRANT USES.—Grants awarded under section 211(a)(2) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible college students in institutions of higher education in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with special emphasis on—

(1) those students who are studying to become English teachers; and

(2) those students who are seeking to acquire knowledge or skills applicable to restructuring the economy or building democratic institutions.

(b) CONDITION.—(1) The President may require that an eligible organization in order to receive a grant under section 211(a)(2), agree to use a portion of such grant for educational activities that are conditioned on the institution of higher education providing an eligible college student with some financial resources, either in the form of room and board or as a waiver of tuition.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(2) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible college student" means a student enrolled in four-year programs of study at a community college, college or university in the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any American-founded school in the former Soviet Union, and who—

(1) has completed at least one year of study and is not in the last year of such study; and

(2) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $55,000,000 for fiscal year 1993, $90,000,000 for fiscal year 1994, and $108,000,000 for the period consisting of fiscal years 1995 and 1996, and $36,000,000 for fiscal year 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 214. GRADUATE STUDENTS.

(a) GRANTS USES.—Grants awarded under section 211(a)(3) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible graduate students in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with emphasis on those students who are seeking to acquire knowledge or skills applicable to restructuring an economy or building democratic institutions.

(b) CONDITION.—Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(3) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible graduate student" means a student from the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any student attending an American-founded university in the former Soviet Union, who—

(1) is enrolled in a graduate course of study at a college or university;

(2) has completed one year of such study; and

(3) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $8,500,000 for fiscal year 1993, $11,000,000 for fiscal year 1994, and $12,000,000 for each of fiscal years 1995 through 1996, and $4,000,000 for fiscal year 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 215. "SISTER" UNIVERSITY PROGRAM.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(4) shall be used to finance vis-

its and other interchanges between professors and educators of eligible paired institutions for the purpose of developing curriculum and otherwise strengthening ties between the independent states of the former Soviet Union and the Baltic states and the United States at the institutional level.

(2) Each grant awarded under this subsection shall be in the amount of $50,000.

(3) Each grant awarded under this subsection to eligible paired institutions may be disbursed during a period of two fiscal years.

(b) DEFINITION.—For purposes of this section, the term "eligible paired institutions" means—

(1) in fiscal year 1993, a pairing by the President, or

(2) in any of the fiscal years 1994 through 1997, a pairing by the Endowment,

of one United States institution of higher education with a college or university in any of the independent states of the former Soviet Union or any Baltic state wherever such pairing is likely to promote a continuing relationship between the institutions after the termination of assistance under this subtitle.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the United States Information Agency $3,000,000 for fiscal year 1993, $4,000,000 for fiscal year 1994, and $5,000,000 for each of fiscal years 1995 through 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 216. LEADERSHIP BY EXAMPLE GROUPS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(5) shall provide eligible persons with internships in enterprises in the United States for durations of six months or less.

(2) Such program may be referred to as the "Leadership by Example Groups (LEGS) Program".

(3) A portion of each grant may be used to provide limited advanced English language training to interns before coming to the United States.

(4) As used in this subsection, the term "enterprises" includes, but is not limited to, enterprises in the fields of agricultural production, agri-business, telecommunications, finance, health care, natural resource management, environmental protection, and oil and mineral exploration and extraction.

(b) CONDITION.—(1) Each eligible organization receiving a grant under section 211(a)(5) awarding internships shall require that a small business or appropriate chamber of commerce provide a portion of the costs of the internships, such as the costs of medical and dental insurance or housing for internship recipients.

(2) Internships funded under this section shall be apportioned among the States on the basis of population.

(c) DEFINITION.—For purposes of this section, the term "eligible person" means a national of any of the independent states of the former Soviet Union or any Baltic state who—

(1) is under 40 years of age; and

(2) has a minimum level of training in the English language.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the President $20,000,000 for fiscal year 1993, $60,000,000 for fiscal year 1994, and $100,000,000 for each of fiscal years 1995 through 1997, to carry out this section.

(2) Funds authorized to be appropriated by paragraph (1) are authorized to remain available until expended.

SEC. 217. AUTHORIZATION AND MANDATE.

(a) AUTHORIZATION AND MANDATE.—(1) The Congress authorizes and urges the President to establish a program of support for exchanges of governmental officials with the independent states of the former Soviet Union and Eastern Europe.

(2) Such program may be referred to as the "Partnership for Essential Governmental Services".

(3) As part of such program, the President is authorized to make available, on a volunteer basis and as appropriate, Federal civil service employees of departments and agencies of the United States for temporary duty in the independent states of the former Soviet Union and Eastern Europe to assist those countries in the development of essential governmental services.

(b) IMPLEMENTATION.—(1) The program authorized by subsection (a) should be carried out by existing agencies of United States Government and by volunteer-coordinating organizations such as the Citizens Democracy Corps, and should place upon each participating foreign government the primary responsibility for—

(A) identifying specific needs for such advisory assistance; and

(B) bearing in-country living expenses of American governmental officials seconded to advise that government.

(2) The President may provide assistance to those independent states of the former Soviet Union which cannot meet their share of the cost of this program.

SEC. 218. ADMINISTRATIVE REQUIREMENTS FOR THE ENDOWMENT.

In order to receive assistance under this subtitle, the Education Exchange Endowment shall comply with the following requirements:

(1) The Endowment shall have the capacity to receive, accept, solicit, and collect private funds to supplement Government grants received under this subtitle and shall agree actively to seek such private funds.

(2)(A) Officers of the Endowment may not receive any salary or other compensation from any source, other than the Endowment, for services rendered during the period of their employment by the Endowment.

(B) If an individual who is an officer or employee of the United States Government serves as a member of the Board of Directors or as an officer or employee of the Endowment, that individual may not receive any compensation or travel expenses in connection with services performed for the Endowment.

(3)(A) The Endowment shall not issue any shares of stock or declare or pay any dividends.

(B) No part of the assets of the Endowment shall inure to the benefit of any officer or employee of the Endowment, or any other individual, except as salary or reasonable compensation for services.

(4) The accounts of the Endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Endowment are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment and necessary to facilitate the audits shall be made available to the person or persons conducting the audits. The Endowment shall make available to such person or persons full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians.

(5)(A) The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Endowment are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment pertaining to its financial transactions and necessary to facilitate the audit. The Endowment shall make available to such representatives full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Endowment shall remain in the possession and custody of the Endowment.

(B) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform the Congress of the financial operations and condition of the Endowment, together with such recommendations with respect thereto as he may deem advisable. The report shall also identify any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made contrary to the requirements of this subtitle. A copy of each report shall be furnished to the President and to the Endowment at the time submitted to the Congress.

SEC. 219. EFFECTIVE DATE.

This subtitle shall take effect on October 1, 1992.

BYRD (AND OTHERS) AMENDMENT NO. 2682

Mr. BYRD (for himself, Mr. LIEBERMAN, Mr. FORD, Mr. WALLOP, Mr. MCCONNELL, and Mr. LUGAR) proposed an amendment to the bill S. 2532, supra, as follows:

On page 52, after line 13, add the following new section:

SEC. 21. AUTHORIZATION FOR ADVANCED COAL-BASED TECHNOLOGY PROJECTS

(a) FINDINGS.—The Congress finds that—

(1) the United States has undertaken a $5.0 billion technology development program to commercialize advanced coal technologies that will better enable the use of coal in a cost-effective and environmentally acceptable manner;

(2) industry in the United States already utilizes advanced technologies that enable the use of coal efficiently and with minimal impacts to the environment;

(3) these advanced technologies should be exported to other nations intending to use coal resources; and

(4) use of United States assistance to export coal-related technologies will benefit the global environment, maintain United States technological leadership, assist United States industry by supporting develop-

ment of foreign markets, and promote a more favorable balance of trade.

(b) ADVANCED COAL-BASED TECHNOLOGY PROJECTS.—(1) The Secretary of Energy, in consultation with the Secretary of State and the chief executive officers of the Overseas Private Investment Corporation and the Export-Import Bank, is authorized to make grants and issue loans with respect to the projects described in paragraph (2), to be carried out by United States firms in the independent states of the former Soviet Union.

(2) The projects referred to in paragraph (1) shall be developmentally sound capital energy projects, which projects—

(A) shall be proposed by a United States firm;

(B) shall consist of equipment manufactured by United States firms;

(C) shall be capable of providing energy, in a cost-effective and environmentally acceptable manner, using advanced coal-based technologies;

(D) shall be designed to increase significantly the overall efficiency of the use of coal in the retrofit of an existing facility or the application of the advanced coal-based technology in a new facility; and

(E) shall be utilized to reduce significantly environmental emissions when compared to currently utilized methods of emissions control in the State of the proposed project.

(3) In determining which projects to support under this subsection, the Secretary of Energy shall give special consideration to those project proposals which would achieve the greatest increases in the control of emissions and the efficient production of energy and to those project proposals in which a portion of the costs of the project shall be paid for by non-Federal funds, including private funds.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) Of the funds authorized to be appropriated by this Act, up to $50,000,000 are authorized to be appropriated to the Secretary of Energy for Fiscal Year 1993 to carry out subsection (b).

(2) Amounts authorized to be appropriated pursuant to paragraph (1) are authorized to remain available until expended.

(d) DEFINITIONS.—As used in this section—

(1) the term "advanced coal-based technology" means—

(A) any technology utilized for the preparation, combustion, or conversion of coal or the control of effluents from the combustion of coal that is commercially available and widely utilized in the United States but not widely utilized in the country that is the site of the proposed project and that achieves greater efficiency or control of emissions from coal utilization than currently achievable by technologies in widespread use in that country; or

(B) any clean coal technology that is the subject of a demonstration project selected by the Secretary of Energy under the heading "Department of Energy: Clean Coal Technology" of Public Law 99-190 or under any subsequently enacted law for which funds are made available to the clean coal technology demonstration program;

(2) the term "capital energy project" means a project involving the construction, expansion, alteration of, or the acquisition of equipment for a physical facility or physical infrastructure, including related engineering design (concept and detail) and other services, the procurement of equipment (including any related services), and feasibility studies or similar engineering and economic services; and

(3) the term "United States firm" means—

(A) a United States citizen;

(B) a corporation incorporated under the laws of the United States, substantially owned and controlled by U.S. persons;

(C) a joint venture or partnership organized under the laws of the United States, each participant of which is an individual or corporation described in subparagraph (A) or (B); or

(D) a joint venture between (1) an individual or corporation described in subparagraph (A) or (B), and (ii) a foreign firm organized under the laws of the host country or the government of that country.

DODD (AND OTHERS) AMENDMENT NO. 2683

Mr. DODD (for himself, Mr. PRYOR, Mr. LIEBERMAN, Mr. DECONCINI, AND MR. PELL) proposed an amendment to the bill S. 2532, supra, as follows:

At the appropriate place in the bill add the following new section:

SEC. . LIMITATIONS ON DEFENSE CONVERSION AUTHORITIES.

(a) Notwithstanding any other provision of law, (including any other provision of this Act) no funds may be obligated, expended or otherwise made available in any fiscal year for the purposes of facilitating the conversion of military technologies and capabilities and defense industries of the former Soviet Union into civilian activities as authorized by section 8 of this Act or as authorized by any other Act, unless the President has previously obligated an amount equal to or greater than such sums in the same fiscal year for defense conversion and defense transition activities in the United States.

(b) For purposes of this section, the term "defense conversion and defense transition activities in the United States" shall mean those U.S. Government funded programs whose primary purpose is to assist U.S. private sector defense workers, U.S. companies that manufacture or otherwise provide defense goods or services, or U.S. communities adversely affected by reductions in U.S. defense spending; such as programs funded through the Office of Economic Adjustment in the Department of Defense, through the Defense Conversion Adjustment Program (as authorized by the Job Training Partnership Act), or through the Economic Development Administration.

RIEGLE (AND PELL) AMENDMENT NO. 2684

Mr. RIEGLE (for himself, Mr. PELL, and Mr. DODD) proposed an amendment to amendment No. 2683 proposed by Mr. DODD (and others) to the bill S. 2532, supra, as follows:

At the end of the amendment add the following:

SEC. . AVAILABILITY OF ECONOMIC ADJUSTMENT ASSISTANCE.

Notwithstanding any other provision of law, funds appropriated to the Department of Defense before the date of the enactment of this Act and made available for the Office of Economic Adjustment of that department to assist State and local governments significantly impacted by reductions in defense industry employment or reductions in the number of Department of Defense military and civilian personnel residing in such States and communities shall be available until September 30, 1997.

PRESSLER (AND OTHERS) AMENDMENT NO. 2685

Mr. PRESSLER (for himself, Mr. BYRD, Mr. DOLE, Mr. D'AMATO, Mr. DECONCINI, and Mr. SEYMOUR) proposed an amendment to the bill S. 2532, supra, as follows:

At the appropriate place in the bill, insert the following new section.

SEC. . United States Policy Regarding Orderly and Timely Withdrawal of Russian or Commonwealth of Independent States Troops from Lithuania, Latvia, and Estonia;

(a) FINDINGS.—Congress finds that:

(1) during the existence of the Soviet Union, the United States never recognized the incorporation of Lithuania, Latvia and Estonia into that entity;

(2) during the existence of the Soviet Union, troops of the Soviet Union were stationed in the territories of Lithuania, Latvia and Estonia;

(3) after the Soviet Union collapsed, Lithuania, Latvia, and Estonia redeclared their independence and governments of the three states have been recognized by the United States;

(4) armed forces of the Russian Federation or Commonwealth of Independent States continue to be stationed on the sovereign territories of Lithuania, Latvia, and Estonia after independence;

(5) the Governments of the Russian Federation and Commonwealth of Independent States have failed to begin good faith negotiations with Lithuania, Latvia, and Estonia, despite urgent requests from the Baltic governments to do so;

(6) a mutually agreed timetable for removal of foreign forces from the sovereign territories of Lithuania, Latvia, and Estonia is a prerequisite for those countries to be able to enjoy the benefits of independence and representative government institutions;

(b) SENSE OF CONGRESS.—

(1) it is the sense of the Congress that the governments of the Russian Federation and Commonwealth of Independent States should immediately begin good faith negotiations toward an orderly, timely and complete withdrawal of their forces from Lithuania, Latvia, and Estonia and state that they have no long-term territorial interests in the Baltic States;

(2) good faith negotiations to accomplish these purposes should be a top priority of the United States, and should be raised as an urgent matter in bilateral discussions and appropriate international bodies, including at the Conference on Security and Cooperation in Europe;

(3) orderly, timely withdrawal of foreign forces from the territory of Lithuania, Latvia, and Estonia may require international supervision;

(4) the President should keep Congress fully advised about progress toward these goals on a regular and ongoing basis.

KERRY AMENDMENT NO. 2686

Mr. PELL (for Mr. KERRY) proposed an amendment to the bill S. 2532, supra, as follows:

On page 30, strike lines 1 through 8 and insert in lieu thereof the following:

"(c) ASSISTANCE TO AZERBAIJAN.—The President may not provide assistance under this Act or any other provision of law to the Government of the Republic of Azerbaijan until the President determines, and so reports to the Congress, that the Government of Azerbaijan—

"(1) is taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabach;".

Explanation: This amendment modifies section 5(c) to enable the President to provide aid to Azerbaijan if he determines that the Government of Azerbaijan is taking demonstrable steps to end blockades and other offensive actions against Armenia and Nagorno-Karabach. The current language requires a total cessation of such blockades and offensive actions. The amendment does not affect other language requiring, as a condition of U.S. aid, that Azerbaijan respect human rights and participate constructively in international efforts to resolve peacefully and permanently the conflict in Nagorno-Karabach.

KENNEDY (AND SIMPSON) AMENDMENT NO. 2687

Mr. PELL (for Mr. KENNEDY, for himself and Mr. SIMPSON) proposed an amendment to the bill S. 2532, supra, as follows:

On page 52, after line 13, add the following new section:

SEC. 21. INTERNATIONAL MIGRATION FUND FOR THE FORMER SOVIET UNION.

(a) AUTHORIZATION—(1) The Secretary of State is authorized to make contributions on behalf of the United States to the Intergovernmental Organization for Migration, or other appropriate organizations, for the purpose of providing assistance in the independent states of the former Soviet Union—

(A) to assist and protect refugees, displaced persons, and other migrants;

(B) to address the root cause of migration; and

(C) to assist governmental institutions in the various independent states of the former Soviet Union in developing appropriate immigration laws and procedures and to protect the human rights of migrants.

(2) In selecting the international organization or organizations to which such contributions shall be made, the Secretary of State, in order to encourage contributions from foreign governments, shall consider contributing funds to any appropriate organization that has established or would establish an international migration fund for migration assistance in the independent states of the former Soviet Union.

(b) FUNDING.—Of the funds made available under this Act, up to $30,000,000 may be available for the provision of the assistance under subsection (a).

MCCONNELL (AND OTHERS) AMENDMENT NO. 2688

Mr. PELL (for Mr. MCCONNELL, for himself, Mr. ROTH, and Mr. D'AMATO) proposed an amendment to the bill S. 2532, supra, as follows:

At an appropriate place in the bill, add the following new section:

SEC. PROMOTION OF COMPETITIVE OPPORTUNITIES FOR UNITED STATES INSURANCE COMPANIES.

(a) The Commodity Credit Corporation and the Agency for International Development, when engaging in any transaction with any foreign government or private entity pursuant to the "Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act" shall seek to ensure that United States insurance companies afforded a fair and open competitive opportunity to provide insurance against risk of loss on connection with any transaction a loan, loan guarantee, insurance, reinsurance, or extension of credit is provided.

(b) In any case in which the Commodity Credit Corporation or the Agency for International Development become aware that a fair and open competitive opportunity is not available to any United States insurance company with respect to the insurance-related business stemming from any loan, loan guarantee, or extension of credit made under this Act the Commodity Credit Corporation or the Agency for International Development.

(1) may approve or deny the loan, guarantee, or extension of credit after considering whether such a denial would be likely to achieve competitive access for United States insurance companies; and

(2) shall forward information to the United States Trade Representative regarding the denial of a fair and open competitive opportunity to U.S. insurance companies;

(3) In any case in which the Commodity Credit Corporation or Agency for International Development approve a transaction, notwithstanding information regarding denial of competitive opportunities for United States insurance companies, the Commodity Credit Corporation, or the Agency for International Development shall include notice of such approval and reason for such approval to the appropriate committees of the U.S. Senate and the House of Representatives.

(c) For purposes of this section:

(1) The term United States insurance company—

(A) includes an individual, partnership, corporation, holding company, or other legal entity which is authorized (or in the case of a holding company, subsidiaries of which are authorized) by a State to engage in the business contracts or reinsuring the risk underwritten by insurance companies; and

(B) includes foreign operations, branches, agencies, subsidiaries, affiliates, or joint ventures of any entity described in clause (A).

(2) The term fair and open competitive opportunity means, with respect to the provision of insurance by a United States insurance company, that the company—

(A) has had notice of the opportunity to provide such insurance; and

(B) has been evaluated for such opportunity on a nondiscriminatory basis.

WIRTH AMENDMENT NO. 2689

Mr. PELL (for Mr. WIRTH) proposed an amendment to the bill S. 2532, supra; as follows:

On page 35 of the amendment, line 14, strike out "and".

On page 35 of the amendment, line 19, strike out the period and insert in lieu thereof "; and".

On page 35 of the amendment, between lines 19 and 20, insert the following:

(10) to improve family planning and maternal health services in the independent states of the former Soviet Union in order to promote the health of women in those states.

MITCHELL AMENDMENT NO. 2690

Mr. PELL (for Mr. MITCHELL) proposed an amendment to the bill S. 2532, supra; as follows:

On page 52, after line 13, add the following new section:

SEC. 21. DESIGNATION OF EDMUND S. MUSKIE FELLOWSHIP PROGRAM.

Section 227 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (22 U.S.C. 2452 note), is amended by adding at the end the following new subsection:

"(f) DESIGNATION OF PROGRAM.—(1) The scholarship program established by this section shall be known as the 'Edmund S. Muskie Fellowship Program'.

"(2) Scholarships provided under this section shall be known as 'Muskie Fellowships'.".

MCCONNELL AMENDMENT NO. 2691

Mr. PELL (for Mr. MCCONNELL) proposed an amendment to the bill S. 2532, supra; as follows:

Section 11 is amended by inserting "(a)" after the section heading and by adding at the end thereof the following new section:

SECTION 11. ROLE OF INTERNATIONAL FINANCE CORPORATION.

(b) The International Finance Corporation Act (22 U.S.C. 282 *et seq.*) is amended by adding at the end thereof the following new section:

"SEC. 14. The United States Governor of the Corporation is authorized to agree to amendments to the Articles of Agreement of the Corporation that would:

"(a) amend Article II, Section 2(c)(ii), to increase the vote by which the Board of Governors of the Corporation may increase the capital stock of the Corporation from a three-fourths majority to a four-fifths majority; and

"(b) amend Article VII (a) to increase the vote by which the Board of Governors of the Corporation may amend the Articles of Agreement of the Corporation from a four-fifths majority to an eighty-five percent majority."

KERRY AMENDMENT NO. 2692

Mr. PELL (for Mr. KERRY) proposed an amendment to the bill S. 2532, supra; as follows:

On pages 38–9, section 9 is amended:

By striking the word "children's" wherever it appears;

By inserting after the word "television", on line 4, the words ", for children and adults,"; and

By inserting "and a free market economy" after "society" on line 7 of page 38 and line 2 of page 39.

PELL (AND LIEBERMAN) AMENDMENT NO. 2693

Mr. PELL (for himself and Mr. LUGAR) proposed an amendment to the bill S. 2532, supra; as follows:

On page 40, after line 24, add the following new subsection:

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the Department of Commerce $12,000,000 for fiscal year 1993 to establish and operate additional American Business Centers in countries being assisted under this Act.

(2) Amounts appropriated pursuant to paragraph (1) are authorized to remain available until expended.

LAUTENBERG (AND ROTH) AMENDMENT NO. 2694

Mr. PELL (for Mr. LAUTENBERG, for himself and Mr. ROTH) proposed an amendment to the bill S. 2532, supra; as follows:

On page 28, line 1, insert ", including adequate and effective intellectual property protection," after "frameworks".

On page 31, lines 19 and 20, strike "and foreign investment codes" and insert in lieu thereof "foreign investment codes, and effective laws for the protection of patents, copyrights, trademarks, and other forms of intellectual property".

LUGAR AMENDMENT NO. 2695

Mr. PELL (for Mr. LUGAR) proposed an amendment to the bill S. 2532, supra, as follows:

On page 52, after line 13, add the following new section:

SEC. 21. MULTILATERAL INVESTMENT INSURANCE.

Not later than 60 days after the date of enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a report describing the feasibility of establishing a multilateral facility, composed of members of the G–7 Group, for the issuance of guarantees against losses incurred in connection with investments, including large-scale and capital intensive investments, in the independent states of the former Soviet Union.

SARBANES AMENDMENT NO. 2696

Mr. PELL (for Mr. SARBANES) proposed an amendment to the bill S. 2532, supra, as follows:

Insert at an appropriate place in the bill:

"In pursuing the purposes of this Act, executive branch agencies should, to the maximum extent possible, utilize the resources and expertise of existing United States educational facilities in Europe."

KERREY (AND OTHERS) AMENDMENT NO. 2697

Mr. KERREY (for himself, Mr. BRADLEY, Mr. BOREN, Mr. WIRTH, Mr. BRYAN, Mr. REID, Mr. KENNEDY, Mr. HARKIN, Mr. DIXON, and Mr. WELLSTONE) proposed an amendment to the bill S. 2532, supra, as follows:

Strike all after the first word and insert the following:

II—FREEDOM EXCHANGE ACT

Subtitle A—In General

SEC. 201. SHORT TITLE.

This title may be cited as the "Freedom Exchange Act".

SEC. 202. STATEMENT OF PURPOSE.

The purpose of this title is—

(1) to bring young people of the former Soviet Union and the Baltic states to the United States so that they might experience first-hand how a free market democracy functions;

(2) to assist the skill-building process necessary for both institution-building and nation-building; and

(3) to ease immigration restrictions to allow the freer flow of scientists and others from the former Soviet Union knowledgeable in the production of nuclear weapons.

SEC. 203. DEFINITIONS.

As used in this title—

(1) the term "Baltic states" means Latvia, Lithuania, and Estonia;

(2) the term "Endowment" means the corporation described in section 211(b)(2);

(3) the term "institution of higher education" has the same meaning as is given to such term by section 1201(a) of the Higher Education Act of 1965;

(4) the term "independent states of the former Soviet Union" includes the following states that formerly were part of the Soviet Union: Armenian, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; and

(5) the term "secondary school" has the same meaning given to such term by section 1471(21) of the Elementary and Secondary Education Act of 1965.

Subtitle B—Educational Exchange Program

SEC. 211. AUTHORITIES FOR AWARDING GRANTS.

(a) GENERAL AUTHORITY.—The President shall establish and carry out an exchange program in accordance with this subtitle. In carrying out such a program, the President shall award, on a competitive basis, grants to eligible organizations to enable such organizations to finance—

(1) the exchange of secondary school students in accordance with section 212;

(2) the exchange of college students in accordance with section 213;

(3) the exchange of graduate students in accordance with section 214;

(4) visits and interchanges of professors and educators in accordance with section 215; and

(5) internships in accordance with section 216.

(b) ELIGIBLE ORGANIZATIONS.—For the purpose of this subtitle, the term "eligible organization" means—

(1) during fiscal year 1993, any private nonprofit organization which has experience in exchange programs and demonstrates a capacity to carry out such programs in the independent states of the former Soviet Union or in the Baltic States; and

(2) during fiscal year 1994, a private, nonprofit corporation to be established which shall be designated by the President to carry out the educational exchange program assisted under this subtitle through the awarding of grants to private, nonprofit organizations described in paragraph (1), which corporation shall be known as the Educational Exchange Endowment (hereafter in this title referred to as the "Endowment").

(c) DURATION.—The President shall award grants under this section during the period beginning on October 1, 1992, and ending on September 30, 1994. It is the intention of Congress to continue this initiative in future years.

(d) ADMINISTRATIVE EXPENSES.—Each eligible organization receiving a grant under this subtitle may use not more than 10 percent of such grant for administrative expenses.

(e) APPLICATION.—(1) Each eligible organization seeking a grant under this section shall submit an application to the President at such time, in such manner, and accompanied by such information as the President may reasonably require.

(2) Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities for which assistance under this section is sought; and

(B) provide such additional assurances as the President determines to be essential to ensure compliance with the requirements of this section.

(f) MATCHING FUNDS.—The President is authorized to seek private funds to supplement or match public grants for the programs authorized by this title.

(g) ELIGIBILITY FOR GRANTS.—Grants may be made to eligible organizations only if such organizations agree to comply with the requirements specified in this subtitle.

(h) IMPLEMENTATION.—In carrying out this subtitle, the President shall—

(1) encourage colleges and universities receiving students to supplement public grants with their own resources, to the extent possible; and

(2) allow for a wide range of United States institutions to participate in programs under this subtitle.

(i) COMPLIANCE WITH BUDGET ACT.—The authority to make grants under this title shall be effective only to such extent or in such amount as are provided in appropriations Acts.

SEC. 212. SECONDARY SCHOOL STUDENTS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(1) shall be used to finance—

(A) visits to short duration by eligible secondary students, to the United States, to any of the independent states of the former Soviet Union, or to any Baltic state, with priority accorded to visits that take place during fiscal year 1993; or

(B) studies, instruction, and other educational exchange activities in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, for eligible secondary school students.

(2) Of the amount of grants awarded under section 211(a)(1), not more than 35 percent in fiscal year 1993 and not more than 15 percent in fiscal year 1994 may be used for the purpose of paragraph (1)(A).

(b) CONDITIONS.—(1) The President may require that a portion of a grant awarded under section 211(a)(1) be used only for educational activities that are conditioned on the reciprocal exchange of American students.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(1) may be used to finance educational exchanges of American students under this section.

(3) No grant awarded under section 211(a)(1) may be used to reimburse any United States citizen for hosting an eligible secondary student.

(c) DEFINITION.—For purposes of this section, the term "eligible secondary school student" means a secondary school student from the United States, any of the independent states of the former Soviet Union, or any Baltic state who—

(1) is at least 15 years of age;

(2) is attending school at a grade level equivalent to any of the grade levels 10 through 12 in United States secondary schools or has just completed secondary school in any of the independent states of the former Soviet Union or any Baltic state; and

(3) has a minimum level of proficiency in English, as determined by testing.

(d) ADMINISTRATION.—To the maximum extent practicable, a grant under this section shall be used to support the activities described in subsection (a) for secondary school students of widely divergent backgrounds.

(e) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $32,500,000 for fiscal year 1993 and $82,500,000 for fiscal year 1994.

SEC. 213. COLLEGE STUDENTS.

(a) GRANT USES.—Grants awarded under section 211(a)(2) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible col-

lege students in institutions of higher education in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with special emphasis on—

(1) those students who are studying to become English teachers; and

(2) those students who are seeking to acquire knowledge or skills applicable to restructuring the economy or building democratic institutions.

(b) CONDITION.—The President may require that an eligible organization in order to receive a grant under section 211(a)(2), agree to use a portion of such grant for educational activities that are conditioned on the institution of higher education providing an eligible college student with some financial resources, either in the form of room and board or as a waiver of tuition.

(2) Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(2) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible college student" means a student enrolled in four-year programs of study at a community college, college or university in the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any American-founded school in the former Soviet Union, and who—

(1) has completed at least one year of study and is not in the last year of such study; and

(2) in the case of a foreign student, has a minimum level of proficiency in English, as determined by testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $27,000,000 for fiscal year 1993 and $45,000,000 for fiscal year 1994.

SEC. 214. GRADUATE STUDENTS.

(a) GRANTS USES.—Grants awarded under section 211(a)(3) shall be used to finance studies, research, instruction, and other educational exchange activities for eligible graduate students in the United States, in any of the independent states of the former Soviet Union, or in any Baltic state, each educational exchange activity lasting not less than one semester or more than one year, with emphasis on those students who are seeking to acquire knowledge or skills applicable to restructuring an economy or building democratic institutions.

(b) CONDITION.—Not more than 15 percent of the total amount of grant funds awarded under section 211(a)(3) may be used to finance educational exchanges of American students under this section.

(c) DEFINITION.—For purposes of this section, the term "eligible graduate student" means a student from the United States, any of the independent states of the former Soviet Union, or any Baltic state, including any student attending an American-founded university in the former Soviet Union, who—

(1) is enrolled in a graduate course of study at a college or university;

(2) has completed one year of such study; and

(3) in the case of a foreign student, has a minimum level of proficiency in English, as determined be testing.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $4,250,000 for fiscal year 1993 and $5,500,000 for fiscal year 1994.

SEC. 215. "SISTER" UNIVERSITY PROGRAM.

(a) GRANTS USES.—(1) Grants awarded under section 211(a)(4) shall be used to finance visits and other interchanges between professors and educators of eligible paired institutions for the purpose of developing curriculum and otherwise strengthening ties between the independent states of the former Soviet Union and the Baltic states and the United States at the institutional level.

(2) Each grant awarded under this subsection shall be in the amount of $50,000.

(3) Each grant awarded under this subsection to eligible paired institutions may be disbursed during a period of two fiscal years.

(b) DEFINITION.—For purposes of this section, the term "eligible paired institutions" means—

(1) in fiscal year 1993, a pairing by the President, or

(2) in any of the fiscal years 1994 through 1997, a pairing by the Endowment,

of one United States institution of higher education with a college or university in any of the independent states of the former Soviet Union or any Baltic state wherever such pairing is likely to promote a continuing relationship between the institutions after the termination of assistance under this subtitle.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated $7,500,000 for fiscal year 1993 and $2,000,000 for fiscal year 1994.

SEC. 216. LEADERSHIP BY EXAMPLE GROUPS.

(a) GRANT USES.—(1) Grants awarded under section 211(a)(5) shall provide eligible persons with internships in enterprises in the United States for durations of six months or less.

(2) Such program may be referred to as the "Leadership by Example Groups (LEGS) Program".

(3) A portion of each grant may be used to provide limited advanced English language training to interns before coming to the United States.

(4) As used in this subsection, the term "enterprises" includes, but is not limited to, enterprises in the fields of agricultural production, agri-business, telecommunications, finance, health care, natural resource management, environmental protection, and oil and mineral exploration and extraction.

(b) CONDITION.—(1) Each eligible organization receiving a grant under section 211(a)(5) awarding internships shall require that a small business or appropriate chamber of commerce provide a portion of the costs of the internships, such as the costs of medical and dental insurance or housing for internship recipients.

(c) DEFINITION.—For purposes of this section, the term "eligible person" means a national of any of the independent states of the former Soviet Union or any Baltic state who—

(1) is under 40 years of age; and

(2) has a minimum level of training in the English language.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the President $10,000,000 for fiscal year 1993 and $30,000,000 for fiscal year 1994.

SEC. 217. AUTHORIZATION AND MANDATE.

(a) AUTHORIZATION AND MANDATE.—(1) The Congress authorizes and urges the President to establish a program of support for exchanges of governmental officials with the independent states of the former Soviet Union and Eastern Europe.

(2) Such program may be referred to as the "Partnership for Essential Governmental Services".

(3) As part of such program, the President is authorized to make available, on a volunteer basis and as appropriate, Federal civil service employees of departments and agencies of the United States for temporary duty in the independent states of the former Soviet Union and Eastern Europe to assist those countries in the development of essential governmental services.

(b) IMPLEMENTATION.—(1) The program authorized by subsection (a) should be carried out by existing agencies of United States Government and by volunteer-coordinating organizations such as the Citizens Democracy Corps, and should place upon each participating foreign government the primary responsibility for—

(A) identifying specific needs for such advisory assistance; and

(B) bearing in-country living expenses of American governmental officials seconded to advise that government.

(2) The President may provide assistance to those independent states of the former Soviet Union which cannot meet their share of the cost of this program.

SEC. 218. ADMINISTRATIVE REQUIREMENTS FOR THE ENDOWMENT.

In order to receive assistance under this subtitle, the Education Exchange Endowment shall comply with the following requirements:

(1) The Endowment shall have the capacity to receive, accept, solicit, and collect private funds to supplement Government grants received under this subtitle and shall agree actively to seek such private funds.

(2)(A) Officers of the Endowment may not receive any salary or other compensation from any source, other than the Endowment, for services rendered during the period of their employment by the Endowment.

(B) If an individual who is an officer or employee of the United States Government serves as a member of the Board of Directors or as an officer or employee of the Endowment, that individual may not receive any compensation or travel expenses in connection with services performed for the Endowment.

(3)(A) The Endowment shall not issue any shares of stock or declare or pay any dividends.

(B) No part of the assets of the Endowment shall inure to the benefit of any officer or employee of the Endowment, or any other individual, except as salary or reasonable compensation for services.

(4) The accounts of the Endowment shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audits shall be conducted at the place or places where the accounts of the Endowment are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment and necessary to facilitate the audits shall be made available to the person or persons conducting the audits. The Endowment shall make available to such person or persons full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians.

(5)(A) The financial transactions of the Endowment for each fiscal year may be audited by the General Accounting Office in accord-

ance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the Endowment are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Endowment pertaining to its financial transactions and necessary to facilitate the audit. The Endowment shall make available to such representatives full facilities for verifying transactions with any assets held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Endowment shall remain in the possession and custody of the Endowment.

(B) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform the Congress of the financial operations and condition of the Endowment, together with such recommendations with respect thereto as he may deem advisable. The report shall also identify any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made contrary to the requirements of this subtitle. A copy of each report shall be furnished to the President and to the Endowment at the time submitted to the Congress.

SEC. 219. EFFECTIVE DATE.

This subtitle shall take effect on October 1, 1992.

HARKIN (AND KASTEN) AMENDMENT NO. 2698

Mr. HARKIN (for himself and Mr. KASTEN) proposed an amendment to the bill S. 2532, supra, as follows:

On page 52, after line 13, add the following:

TITLE II—AMERICAN AGRIBUSINESS CENTERS AND PRACTITIONERS EXCHANGE ACT OF 1992

SEC. 201. SHORT TITLE.

This title may be cited as the "American Agribusiness Centers and Practitioners Exchange Act of 1992".

SEC. 202. FINDINGS; POLICY.

The Congress finds that—

(1) the transition from a command and control system in agriculture to a market system is critical to the success of the economic reforms in the independent states of the former Soviet Union and Baltic states;

(2) the command-driven agricultural system of the independent states of the former Soviet Union and Baltic states is in the process of including market incentives;

(3) it is in the interest of the United States to assist in the establishment of a free market agriculture system as well as improve the agriculture and food production, processing, storage and distribution systems in the independent states of the former Soviet Union and Baltic states;

(4) it is in the interest of the United States to help provide new market opportunities for United States agribusiness in the independent states of the former Soviet Union and Baltic states as well as increase United States exports in agricultural inputs, equipment, management systems and technology to those countries;

(5) American Agribusiness Centers and "hands on" experiences through expanded two-way exchanges will transfer the entrepreneurial attitudes as well as knowledge, skills and experiences of American farmers and agribusiness practitioners to their counterparts in the independent states of the former Soviet Union and Baltic states; and

(6) agribusiness practitioners from the independent states of the former Soviet Union and Baltic states will increase their understanding of the technologies, risks, and rewards of free market farming and agribusiness through "hands on" experience through expanded two-way exchange programs.

SEC. 203. STATEMENT OF PURPOSE.

The purpose of this title is to facilitate the establishment of—

(1) not less than three new American Agribusiness Centers during fiscal year 1993 and not less than four new American Agribusiness Centers during fiscal year 1994 in the independent states of the former Soviet Union and Baltic states;

(2) not less than three regional American Agribusiness Exchange Centers during fiscal year 1993 and not more than two regional American Agribusiness Exchange Centers during fiscal year 1994 at State Universities and Land Grant Colleges in the United States; and

(3) an expanded two-way exchange program of agribusiness practitioners not to exceed more than two thousand participants during fiscal year 1993, six thousand participants during fiscal year 1994 and ten thousand participants in 1995 and not less than one quarter of the maximum number of participants authorized in each fiscal year.

SEC. 204. AMERICAN AGRIBUSINESS CENTERS ABROAD.

(a) IN GENERAL.—The President is authorized to fund established American Agribusiness Centers in the independent states of the former Soviet Union and Baltic states.

(b) IMPLEMENTATION.—To the maximum extent possible, the President shall provide for—

(1) not less than three new American Agribusiness Centers during fiscal year 1993 and not less than four new American Agribusiness Centers during fiscal year 1994 which have joint ventures in the independent states of the former Soviet Union and Baltic states;

(2) priority funding to be given to—

(A) centers with experience in operating such a joint venture Agribusiness Center in the former Soviet Union;

(B) centers which include the participation of private United States agribusiness or agricultural cooperatives, state universities and land grant colleges, and banks making appropriate contributions of equipment, materials and personnel for the operation of such centers;

(C) centers which have joint ventures in which host countries make appropriate contributions of transportation, personnel, construction and use of land; and

(D) centers which utilize United States agricultural equipment;

(3) joint ventures between American Agribusiness Centers and host entities to be established in various independent states of the former Soviet Union and Baltic states;

(4) centers to enhance the ability of agribusiness practitioners in the independent states of the former Soviet Union and Baltic states to better meet the needs of their people and make the transition from a command and control system in agriculture to a free market system such as through—

(A) training programs;

(B) education programs such as, but not exclusively, market economics, concepts in private property, marketing, agribusiness practices, credit and finance;

(C) technical assistance to increase the efficiency of the agricultural production, processing storage and distribution systems; and

(D) participation in exchange programs; and

(5) in the establishment of any new American Agribusiness Center, preference in funding to any such entity with experience in operating such a joint venture Agribusiness Center in the former Soviet Union if such entity includes the participation of private United States agribusiness and State university or land grant colleges.

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise made available for such purposes, there are authorized to be appropriated $12,000,000 in fiscal year 1993 to carry out this section. Such funds are authorized to remain available until expended.

SEC. 205. AMERICAN AGRIBUSINESS EXCHANGE CENTERS IN THE UNITED STATES.

(a) IN GENERAL.—The President is authorized and encouraged to establish five regional Agribusiness Centers at State universities and land grant colleges in the United States for the purpose of expanding two-way exchange programs among agribusiness practitioners.

(b) IMPLEMENTATION.—To the maximum extent possible, the President should direct—

(1) that such Centers act in consultation and coordination with such an agency as he may designate, to establish criteria for the selection of participants in the exchange program;

(2) that in establishing criteria for the selection of participants in the exchange program preference be given to agribusiness practitioners from the independent states of the former Soviet Union and the Baltic states who have participated in the program established pursuant to section 204 of this Act;

(3) that such Centers be responsible for recruitment of American exchange participants, United States host communities, families and agribusinesses;

(4) that such Centers ensure that American participants reflect a broad range of agricultural regions and agribusiness activities;

(5) that such Centers coordinate their activities with existing national and state-level farm and commodity groups, other States universities and land grant colleges, State and Federal agencies; and representatives of local communities;

(6) that such Centers be located in States or areas where family farmers and owner-operator agricultural production units are the primary structure of farming and where agricultural input and marketing cooperatives are well established;

(7) that such Centers be located in State universities and land grant colleges that have established strong research, instruction, and public service programs in areas of international development (particularly development directed at the independent states of the former Soviet Union and Baltic states), land tenure resolution (including privatization), and cooperative development and management;

(8) that such Centers encourage private United States agribusinesses, foundations, private organizations as well as State universities and land grant colleges to make appropriate contributions of space, materials and personnel for the establishment and operation of such Centers; and

(9) such Centers enhance the ability of agribusiness practitioners from the independent states of the former Soviet Union and

Baltic states to better meet the needs of their people and make the transition from a command and control system in agriculture to a free market system such as through—

(A) training programs;

(B) education programs such as, but not exclusively, market economics, concepts in private property, marketing, agribusiness practices; and

(C) internships.

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise made available for such purpose, there are authorized to be appropriated $10,000,000, in fiscal year 1993 to carry out this section. Such funds are authorized to remain available until extended.

SEC. 206. DEFINITIONS.

As used in this Act—

(1) the term "Baltic states" means Latvia, Lithuania, and Estonia;

(2) the term "independent states of the former Soviet Union" means Armenia, Azerbaijan, Byelarus, Georgia, Kazakhstan, Kyrgystan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan; and

(3) the term "agribusiness practitioner" means farmers, agricultural specialist, suppliers, processors, marketers, handlers, transporters, processors, and others in engaged in the various facets of agribusiness.

SIMPSON AMENDMENT NO. 2699

Mr. SIMPSON proposed an amendment to the bill S. 2532, supra, as follows:

At the appropriate place in the bill, insert:

"It is the Sense of Congress that the President should take those actions necessary to minimize disruption to the international market in the event of sale from the independent states of the former Soviet Union of defense-related commercial grade uranium."

BYRD (AND OTHERS) AMENDMENT NO. 2700

Mr. BYRD (for himself, Mr. DIXON, Mr. SASSER, Mr. SHELBY, Mr. RIEGLE, Mr. HOLLINGS, Mr. WIRTH, Ms. MIKULSKI, Mr. SARBANES, Mr. BENTSEN, Mr. DOLE, Mr. BOREN, and Mr. EXON), proposed an amendment to the bill S. 2532, supra, as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . SENSE OF THE CONGRESS CONCERNING THE SALE OF LTV.

(a) FINDINGS.—The Congress finds that the sale or other transfer to a foreign person of a United States business concern that is critical to the defense industrial base of the United States would be detrimental to the national security interests of the United States.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that, notwithstanding any other provision of law or any agreement to the contrary, no foreign person should be permitted to purchase or otherwise acquire the LTV Aerospace and Defense Company.

(c) DEFINITION OF "FOREIGN PERSON".—For purposes of this section, the term "foreign person" means any foreign organization, corporation, or individual resident in a foreign country, or any domestic or foreign organization, corporation, or individual, that is owned or controlled by the foreign organization, corporation, or individual.

BROWN AMENDMENTS NOS. 2701 THROUGH 2703

Mr. BROWN proposed three amendments to the bill S. 2532, supra, as follows:

AMENDMENT NO. 2701

At the appropriate place in the bill, add the following new section:

SEC. . JUNIOR ACHIEVEMENT.

(a) FINDINGS.—The Congress finds that—

(1) the free enterprise system is the foundation of, and necessary for the preservation of, democracy;

(2) educating the citizens of the newly independent states of the former Soviet Union in the principles of free enterprise will encourage economic productivity and provide opportunities for entrepreneurship;

(3) Junior Achievement International has 37 member nations and has pilot programs in 20 other countries with 1.7 million participants worldwide;

(4) In 1992, the first year of operation, Junior Achievement International programs expect to reach 200,000 young people in the newly independent states of the former Soviet Union;

(5) Junior Achievement's mission to provide young people with practical economic education programs and experiences is consistent with U.S. foreign policy objectives;

(6) Russian President Boris Yeltsin has recognized the high success of Junior Achievement—Russia and has requested that Junior Achievement be greatly expanded;

(7) Junior Achievement programs are a cost effective way to educate millions of young people in the newly independent states of the former Soviet Union in the free enterprise system.

(b) SENSE OF THE SENATE.—It is the Sense of the Senate that of the funds authorized to be expended by this bill, a portion should be made available for the purchase of books and materials and the development of educational programs by representative organizations of Junior Achievement International in the newly independent states of the former Soviet Union.

AMENDMENT NO. 2702

At the appropriate place insert the following new section:

"SEC. . PRIVATE SECTOR DEVELOPMENT INITIATIVE.

(a) FINDINGS.—Congress finds that—

(1) The single greatest privatization initiative undertaken in the history of the United States resulted from the Homestead Act of 1862 which offered free land to anyone twenty-one years of age or older who would live on it for a minimum of five years and improve it;

(2) the newly independent states of the former Soviet Union are faced with the need for privatization on an equally massive scale;

(3) the most effective means of creating a market economy in the newly independent states of the former Soviet Union will come as modes and methods of production are owned by private men and women who are responsible for the success of their farms and businesses and for the improvement of their homes and neighborhoods;

(4) essential to the privatization of the economies of these countries is the availability of capital for the purchase of homes, farms and small businesses;

(5) the development of a market-based financial sector is essential to the formation of a market-based economy in the newly independent states of the former Soviet Union;

(6) the United States should take the lead in encouraging the establishment of secondary markets in the newly independent states of the former Soviet Union, to assist in the long-term process of privatization of large-scale industry;

(7) in developing programs to assist the privatization of the newly independent states of the former Soviet Union, the United States should concentrate primarily on using the skills of the United States' private financial sector personnel.

(b) DEVELOPMENT OF PRIVATE FINANCIAL SECTOR.

(1) The United States shall assist in the development of a market-based private-sector economy in the newly independent states of the former Soviet Union by:

Assisting in the development of standards for certification of lending institutions; for the making of loans by certified institutions, including uniform underwriting, security, appraisal, accounting and repayment standards for qualified loans;

Assisting in the development of programs to encourage microenterprise loans for small businesses, home mortgages and small farms;

Assisting in the development of secondary markets, including the development of securities laws, banking laws and regulations for the newly independent States;

Assisting in the development of laws that enforce the equivalent of fee simple ownership in real property and the equivalent ownership in personal property;

Assisting in the development of laws that enforce liens and mortgages on personal property and real property.

AMENDMENT NO. 2703

On page 44, strike all after line 11 through line 2 of page 45 and insert the following:

SEC. . INTERNATIONAL MONETARY FUND POLICY AND STAFFING CHANGES; LIMITATION ON THE INCREASE IN THE UNITED STATES QUOTA IN THE FUND.

(a) POLICY AND STAFFING CHANGES WITHIN THE IMF.—The Secretary of the Treasury shall instruct the United States Executive Director to the International Monetary Fund (hereafter in this section referred to as the "Fund") to promote regulatory and vigorously in program discussions and quota increase negotiations the following policy and staffing changes within the Fund:

(1) The development of social, resource, and environmental information to be considered during the process that any country seeking financial assistance from the Fund is subject to and which shall be taken into account in policy formulations.

(2) The establishment of an independent audit department, that would include national development experts, free-market experts, poverty experts, and environmental experts, to review systematically the policy prescriptions recommended and required by the Fund. The purposes of such a department would be (A) to determine whether the fund's objective were met, and (B) to evaluate the impacts of the implementation of the policy prescriptions. This department should have broad powers to review all ongoing programs and activities of the Fund and to assess the effects of Fund-supported programs, country-by-country, with respect to national economic development, poverty, free-market growth, natural resources, and the environment. The audits should be made public.

(3) The establishment of procedures that ensure the focus of future economic reform

programs approved by the Fund on policy options that increase the productive participation of the poor in the economy, the development of microenterprise businesses, development of small family farms, the promotion of fair access to economic resources and necessary social services for the population.

(4) The establishment of procedures for public access to information. These procedures shall seek to ensure maximum possible access of the public to information while paying due regard to appropriate confidentiality. Policy Framework Papers and the supporting documents prepared by the Fund's mission to a country are examples of documents that should be made public at an appropriate time and in appropriate ways.

(5) The institution of procedures to analyze the cost and benefits of structural adjustment and stabilization programs so as to reflect losses in the natural resources base and the contribution such resources make to the well-being of the local population to whom services are provided.

(b) PROGRESS REPORT.—No later than 30 days after the end of each fiscal year, the Secretary of the Treasury shall submit a report to Congress on the following:

(1) The actions that the United States Executive Director and other officials have taken to convince the Fund to adopt the elements of this Act through formal initiatives before the Board and management of the Fund, through bilateral discussions with other member nations, and through any further quota increase negotiations.

(2) The status of the progress being made by the Fund in implementing the objectives of subsection (a).

(3) The reasons why the United States Executive Director of the Fund supported or opposed a Fund program and an explanation of how such action is consistent with the purpose of this Act.

(c) STUDY.—The Secretary of the Treasury shall conduct a study to propose ways that, consistent with the Articles of Agreement, the Fund could broaden the involvement and participation of important ministries, national development experts, environmental experts, free-market experts, and other legitimate experts and representatives from the loan-recipient country in the development of Fund programs.

(d) PREFERENTIAL ALLOCATIONS WITHIN THE IMF.—The Secretary of the Treasury shall instruct the United States executive director of the Fund to promote, in the allocation of funding, a preferential allocation to each country that applies significant efforts to establish effective democratic processes that allow for active popular participation in the determination of a country's economic policies.

(d) AMENDMENT TO THE BRETTON-WOODS AGREEMENTS ACT.—The Bretton-Woods Agreements Act is amended by adding at the end thereof the following new sections:

"SEC. 56. QUOTA INCREASE.

"(a) INCREASE AUTHORIZED.—(1) The United States Governor of the Fund is authorized to consent to an increase in the quota of the United States in the Fund up to an equivalent to 8,608,500,000 Special Drawing Rights, except that the amount of such increase may not exceed an amount equal to the United States proportionate share of the increase in lending by the Fund to the independent states of the former Soviet Union.

"(2) As used in this subsection, the term 'United States proportionate share' means the proportion that the United States quota in the Fund bears to the aggregate amount represented by the quotas of all member countries of the Fund.

"(b) BUDGET ACT COMPLIANCE.—The authority of subsection (a) may be exercised only to such extent or in such amounts as may be provided in advance in appropriations Acts.

"SEC. 57. ACCEPTANCE OF AMENDMENTS TO THE ARTICLES OF AGREEMENT OF THE FUND.

"The United States Governor of the Fund is authorized to consent to the amendments to the Articles of Agreement of the Fund approved in resolution numbered 45-3 of the Board of Governors of the Fund.

KASTEN (AND BROWN) AMENDMENT NO. 2704

Mr. KASTEN (for himself and Mr. BROWN) proposed an amendment to the bill S. 2532, supra, as follows:

On page 52, after line 13, add the following:

SEC. . INTERNATIONAL MONETARY FUND POLICY AND STAFFING CHANGES.

(a) POLICY AND STAFFING CHANGES WITHIN THE IMF.—The Secretary of the Treasury shall instruct the United States Executive Director to the International Monetary Fund (hereafter in this section referred to as the "Fund") to promote regularly and vigorously in program discussions and quota increase negotiations the following policy and staffing changes within the Fund:

(1) The development of social and environmental impact assessments as a required element of the process that any country seeking financial assistance from the Fund is subject to and which shall be taken into account in policy formulations.

(2) The establishment of an independent audit department, that would include poverty and environmental experts, to review systematically the policy prescriptions recommended and required by the Fund. The purposes of such a department would be (A) to determine whether the fund's objectives were met, and (B) to evaluate the social and environmental impacts of the implementation of the policy prescriptions. This department should have broad powers to review all ongoing programs and activities of the Fund and to assess the effects of Fund-supported programs, country-by-country, with respect to poverty, economic development and environment. The audits should be made public as appropriate with due respect to confidentially.

(3) The establishment of procedures that ensure the focus of future economic reform programs approved by the Fund on policy options that increase the productive participation of the poor in the economy.

(4) The establishment of procedures for public access to information. These procedures shall seek to ensure access of the public to information while paying due regard to appropriate confidentiality. Policy Framework Papers and the supporting documents prepared by the Fund's mission to a country are examples of documents that should be made public at an appropriate time and in appropriate ways.

(5) The institution of procedures to analyze the costs and benefits of structural adjustment and stabilization programs so as to reflect losses in the natural resources base and the contribution such resources make to the well-being of the local population to whom services are provided.

(b) PROGRESS REPORT.—As part of the annual report, the Secretary of the Treasury shall submit a report to Congress on the following:

(1) The actions that the United States Executive Director and other officials have taken to convince the Fund to adopt the elements of this Act through formal initiatives before the Board and management of the Fund, through bilateral discussions with other member nations, and through any further quota increase negotiations.

(2) The status of the progress being made by the Fund in implementing the objectives of subsection (a).

(3) The reasons why the United States Executive Director of the Fund supported or opposed a Fund program with a significant environmental impact, and an explanation of how much action is consistent with the purpose of this Act.

(c) STUDY.—The Secretary of the Treasury shall conduct a study to propose ways that, consistent with the Articles of Agreement, the Fund could broaden the involvement and participation of important ministries, national development experts, environmental experts, free-market experts, and other legitimate experts and representatives from the loan-recipient country in the development of Fund programs.

BYRD (AND OTHERS) AMENDMENT NO. 2705

Mr. BYRD (for himself, Mr. DOLE, Mr. PRESSLER, Mr. D'AMATO, Mr. KASTEN, and Mr. RIEGLE) proposed an amendment to the bill S. 2532, supra, as follows:

On page 52, after line 13 add the following new section:

SEC. 21. BALTIC STATES ELIGIBILITY FOR NONLETHAL DEFENSE ARTICLES.

(a) ELIGIBILITY.—Estonia, Latvia, and Lithuania shall each be eligible—

(1) to purchase, or to receive financing for the purchase of, nonlethal defense articles—

(A) under the Arms Export Control Act (22 U.S.C. 2751 et seq.), without regard to section 3(a)(1) of that Act, or

(B) under section 503 of the Foreign Assistance Act of 1961 (22 U.S.C. 2311), without regard to the Presidential finding in subsection (a) of that section; and

(2) to receive nonlethal excess defense articles transferred under section 519 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321m), without regard to subsection (a) of that section.

(b) DEFINITIONS.—As used in this section—

(1) the term "defense article" has the same meaning given to that term in section 47(3) of the Arms Export Control Act (22 U.S.C. 2794(3)); and

(2) the term "excess defense article" has the same meaning given to that term in section 644(g) of the Foreign Assistance Act of 1961 (22 U.S.C. 2403(g)).

PROVIDING FOR AN ADJOURNMENT OF THE HOUSE AND AN ADJOURNMENT OR RECESS OF THE SENATE

MITCHELL AMENDMENT NO. 2706

Mr. MITCHELL proposed an amendment to the concurrent resolution (H. Con. Res. 343) providing for an adjournment of the House from July 2 until July 7, 1992, an adjournment of the House from July 9 until July 21, 1992, and an adjournment or recess of the Senate from July 2 until July 20, 1992, as follows:

Page 1, line 10, insert after "1992," the following: "or Friday, July 3, 1992,".

FREEDOM FOR RUSSIA AND EMERGING EURASIAN DEMOCRACIES AND OPEN MARKETS SUPPORT ACT

SPECTER AMENDMENTS NOS. 2707 AND 2708

(Ordered to lie on the table.)

Mr. SPECTER submitted two amendments intended to be proposed by him to the bill S. 2532, supra, as follows:

AMENDMENT NO. 2707

At the appropriate place in the bill, insert the following new section:

SEC. . INTERNATIONAL LENDING REQUIRED TO BE SECURED BY CERTAIN EXPORT EARNINGS.

(a) UNITED STATES ACTION.—By January 1, 1994, and for each calendar year thereafter, the President of the United States shall either (1) certify to Congress that the former Soviet Republics are adhering to the debt repayment schedules stipulated by the multilateral lending institutions described in this Act; or (2) direct the Secretary of the Treasury to instruct—

(A) the United States executive directors to the International Bank for Reconstruction and Development and to the European Bank for Reconstruction and Development to vote against the extension of any credit, or the issuance of any guarantee with respect to any credit, by the Banks for the purpose of assisting any of the independent states of the former Soviet Union, and

(B) the United States executive director to the International Monetary Fund to vote against any use of the resources of the Fund, including any use of United States currency under the Fund's general arrangements to borrow (GAB) as part of any currency stabilization fund or otherwise, for the purpose of assisting any of the independent states of the former Soviet Union, unless repayment of the credit or such other resources, as the case may be, is secured by the royalties or other revenues, if any, earned by state from the export of petroleum products, minerals, or other commodities.

(b) MULTILATERAL ACTIONS.—The Secretary of the Treasury shall instruct the United States executive directors to the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, and the International Monetary Fund to propose that such institutions establish policies in opposition to the use of resources as described in subsection (a) unless the repayment of such resources is secured in accordance with that subsection.

(c) DEFINITION.—As used in this section, the term "petroleum product" means crude oil, residual fuel oil, or any refined petroleum product (including any natural liquid and any natural gas liquid product).

AMENDMENT NO. 2708

At the appropriate place in the bill, insert the following new section:

SEC. . INTERNATIONAL LENDING REQUIRED TO BE SECURED BY CERTAIN EXPORT EARNINGS.

(a) UNITED STATES ACTION.—By January 1, 1994, and for each calendar year thereafter, the President of the United States shall either (1) certify to Congress that the former Soviet Republics are adhering to the debt repayment schedules stipulated by the multilateral lending institutions described in this Act; or (2) direct the Secretary of the Treasury to instruct—

(A) the United States executive directors to the International Bank for Reconstruction and Development and to the European Bank for Reconstruction and Development to vote against the extension of any credit, or the issuance of any guarantee with respect to any credit, by the Banks for the purpose of assisting any of the independent states of the former Soviet Union, and

(B) the United States executive director to the International Monetary Fund to vote against any use of the resources of the Fund, including any use of United States currency under the Fund's general arrangements to borrow (GAB) as part of any currency stabilization fund or otherwise, for the purpose of assisting any of the independent states of the former Soviet Union, unless repayment of the credit or such other resources, as the case may be, is secured by the royalties or other revenues, if any, earned by state from the export of petroleum products, minerals, or other commodities.

(b) MULTILATERAL ACTIONS.—The Secretary of the Treasury shall instruct the United States executive directors to the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, and the International Monetary Fund to propose that such institutions establish policies in opposition to the use of resources as described in subsection (a) unless the repayment of such resources is secured in accordance with that subsection.

(c) DEFINITION.—As used in this section, the term "petroleum product" means crude oil, residual fuel oil, or any refined petroleum product (including any natural liquid and any natural gas liquid product).

RIEGLE (AND OTHERS) AMENDMENT NO. 2709

Mr. RIEGLE (for himself, Mr. METZENBAUM, and Mr. LAUTENBERG) proposed an amendment to the bill S. 2532, supra, as follows:

At the appropriate place, insert the following new title:

TITLE —AID TO AMERICA

SEC. 01. SHORT TITLE.

This title may be cited as the "Aid to America Act".

Subtitle A—Medical Assistance

SEC. 11. SHORT TITLE.

This subtitle may be cited as the "Comprehensive Child Health Immunization Act".

SEC. 12. IMPLEMENTATION OF CENTERS FOR DISEASE CONTROL PRACTICE STANDARDS.

(a) IN GENERAL.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa-1 et seq.) is amended—

(1) by redesignating section 2106 (42 U.S.C. 300aa-6) as section 2111; and

(2) by inserting after section 2105 (42 U.S.C. 300aa-5) the following new section:

"SEC. 2106. IMPLEMENTATION AND COMPLIANCE WITH IMMUNIZATION PRACTICE STANDARDS.

"(a) DESIGNATION BY SECRETARY.—Not later than 6 months after the date of enactment of this section, the Secretary shall publish in the Federal Register a designation of those Standards for Immunization Practices, developed and published by the Centers for Disease Control under the auspices of the National Vaccine Advisory Committee (hereafter referred to in this section as the 'standards'), that the Secretary determines can be implemented without cost.

"(b) COMPLIANCE.—

"(1) IN GENERAL.—Not later than 18 months after the date of enactment of this section, the Secretary shall promulgate regulations that require all individuals or entities receiving assistance from the Secretary for public sector immunization and social service programs, or for private sector immunization services provided through reimbursements made under title XIX of the Social Security Act or with vaccines made available by the Centers for Disease Control, to comply with the standards designated under subsection (a).

"(2) STATES.—Regulations promulgated under paragraph (1) shall require States receiving Federal funds that are used to provide vaccines, to insure that the recipients of such vaccines adhere to the standards designated under subsection (a).

"(3) AUDIT PROCEDURES.—The Secretary shall utilize and expand existing audit procedures to monitor compliance with the requirements of this subsection.

"(c) OTHER STANDARDS.—

"(1) PROVISION OF ASSISTANCE.—The Secretary may provide assistance to entities that receive Federal immunization grant funds, to enable such entities to implement those Standards for Immunization Practices that the Secretary determines will necessitate the commitment of additional financial resources and to increase the access of children to immunizations.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to provide assistance under paragraph (1), $10,000,000 for fiscal year 1993.".

(b) CONFORMING AMENDMENTS.—

(1) Section 2102(a)(9) of such Act (42 U.S.C. 300aa-2(a)(9)) is amended by striking out "2106" and inserting in lieu thereof "2111".

(2) Section 2111(a) of such Act (as redesignated by subsection (a)(1)) is amended by striking out "section 2102(9)" and inserting in lieu thereof "sections 2102(9), 2106, 2107, 2108, 2109, and 2110".

SEC. 13. INCREASED IMMUNIZATION THROUGH ENROLLMENT INFORMATION.

Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa-1 et seq.) is amended by inserting after section 2106 (as added by section 12) the following new section:

"SEC. 2107. DEVELOPMENT OF ENROLLMENT AND REFERRAL INFORMATION.

"(a) IN GENERAL.—The Secretary, in consultation with the Secretary of Agriculture and with appropriate organizations, shall develop—

"(1) model questions concerning immunization status and medical history; and

"(2) model packets of information concerning—

"(A) the risks and benefits associated with vaccines;

"(B) locations of immunization providers with respect to each State; and

"(C) other material determined appropriate by the Secretary;

for use by States in enrolling and recertifying individuals with respect to programs under this Act, part A of title IV and title XIX of the Social Security Act, the special supplemental food program under section 17 of the Child Nutrition Act of 1966, and other programs designated by the Secretary.

"(b) INCORPORATION AND PROVISION OF INFORMATION.—

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Secretary shall require States to—

"(A) incorporate the model questions developed under subsection (a)(1) into the forms and procedures utilized by such States with respect to the programs referred to in subsection (a); and

"(B) provide the appropriate information developed under subsection (a)(2) to recipients of benefits provided under the programs referred to in subsection (a).

"(2) OTHER ENTITIES.—The model questions and informational packets developed under subsection (a) shall be administered and provided to recipients of benefits under other Federally administered health programs, including benefits under the block grant program under title V of the Social Security Act, the preventive health block grant program under part A of title XIX of this Act, and benefits provided through community and migrant health centers.

"(c) REFERRAL PROCEDURES.—Not later than 1 year after the date of enactment of this section, the Secretary shall develop and apply, and require States to apply, procedures relating to the referral of individuals for immunization services, including a plan for the provision of transportation assistance for children eligible to receive assistance under title XIX of the Social Security Act.".

SEC. 14. REQUIREMENT OF IMMUNIZATIONS WITH RESPECT TO CHILD CARE.

(a) AFDC AND FAMILY SUPPORT SERVICES.—Part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding at the end thereof the following new section:

"IMMUNIZATION STATUS OF CHILDREN

"SEC. 418 In addition to meeting the other requirements of this part, to be eligible to receive payments under this part, a State shall provide assurances to the Secretary that child care providers within the State that provide services for which assistance is provided under this part will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(b) SOCIAL SERVICES BLOCK GRANTS.—Section 2005 of the Social Security Act (42 U.S.C. 1397d) is amended by adding at the end thereof the following new subsection:

"(c) To be eligible to receive payments under this part, a State shall provide assurances to the Secretary that child care providers within the State that provide services for which assistance is provided under this part will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(c) CHILD CARE FOOD PROGRAM.—Section 17(a)(2) of the National School Lunch Act (42 U.S.C. 1766(a)(2)) is amended—

(1) in subparagraph (B), by striking out "and" at the end thereof;

(2) in subparagraph (C), by striking out the period and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new subparagraph:

"(D) will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(d) CHILD CARE AND DEVELOPMENT BLOCK GRANTS.—Section 658E(c)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e(c)(2)) is amended by adding at the end thereof the following new subparagraph:

"(K) IMMUNIZATION STATUS.—Provide assurances that child care providers within the State that provide services for which assistance is provided under this subchapter will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of enactment of this Act.

SEC. ____15. INCREASED OUTREACH AND ACCESS TO IMMUNIZATIONS.

(a) INFANT IMMUNIZATION INITIATIVE PLANS.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa–1 et seq.) is amended by inserting after section 2107 (as added by section _____13) the following new section:

"SEC. 2108. GRANTS FOR IMPLEMENTATION OF INFANT IMMUNIZATION PLANS AND SUPPORT OF INNOVATIVE PROGRAMS.

"(a) IN GENERAL.—The Secretary shall award demonstration grants to eligible State and local entities to enable such entities to fully implement the plans of such entities with respect to the Infant Immunization Initiative.

"(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under subsection (a), an entity shall—

"(1) be a State or local entity that has developed a plan under the Infant Immunization Initiative; and

"(2) prepare and submit to the Secretary an application, at such time, in such manner and containing such information as the Secretary determines appropriate, including a description of the activities the entity intends to carry out using amounts received under the grant.

"(c) MAINTENANCE OF SUPPORT.—The Secretary may not award a grant under this section to an entity unless the entity agrees to maintain the expenditures of the entity for activities of the type described in subsection (e), at a level equal to not less than the level of such expenditures maintained by the entity for the fiscal year preceding the fiscal year for which the entity is applying to receive the grant.

"(d) AMOUNT OF GRANT.—The amount of each grant provided under this section shall be determined by the Secretary based on the size and demonstrated need of the entity.

"(e) USE OF AMOUNTS.—Amounts received under a grant awarded under this section shall be utilized for the implementation of the immunization plan of the entity. Activities under such plan may include—

"(1) the establishment of express vaccination facilities in health clinics;

"(2) the provision of vaccinations in hospital emergency rooms, through in-home visits and in day or child care centers, Head Start institutions, and in schools;

"(3) the establishment of mobile vaccination teams; and

"(4) other activities determined appropriate by the Secretary.

"(f) INNOVATIVE LOCAL PROGRAMS.—The Secretary may make grants to local communities submitting applications that meet the requirements of subsection (b)(2), to assist such communities in carrying out innovative programs designed to increase access to immunizations.

"(g) REPORTING REQUIREMENT.—An entity that receives a grant under this section shall annually prepare and submit to the Secretary a report concerning the activities undertaken using amounts received under the grant. The Secretary shall compile information received in such reports, make such information available to the public, and provide for the use of such information in the immunization planning activities of other State or local entities.

"(h) AUTHORIZATION OF APPROPRIATIONS.—

"(1) GENERAL PROGRAM.—There are authorized to be appropriated to carry out this section, other than subsection (f), $20,000,000 for fiscal year 1993. A grant awarded with amounts appropriated under this paragraph shall not be for a period in excess of 3 years.

"(2) LOCAL INNOVATIVE PROGRAMS.—There are authorized to be appropriated to carry out subsection (f), $30,000,000 for fiscal year 1993.".

(b) COMPLIANCE WITH PRACTICE STANDARDS.—Section 2106 of such Act (as added by section 12) is amended by adding at the end thereof the following new subsection:

"(d) SUPPORT OF OPERATIONAL ACTIVITIES.—

"(1) IN GENERAL.—The Secretary, acting through the Centers for Disease Control, may provide assistance to entities of the type referred to in subsection (b)(1), to support the additional operational activities of immunization sites necessary to maintain compliance with the standards relating to infrastructure changes. Such assistance may also be provided to support innovative approaches designed to increase the access of children to immunization services.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, $5,000,000 for fiscal year 1993.".

(c) CONSUMER MATERIALS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall provide for the development and distribution of consumer educational materials concerning childhood immunizations.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1993, $5,000,000 to carry out this subsection.

(d) EARLY AND PERIODIC SCREENING, DIAGNOSIS AND TREATMENT PROGRAM.—The Secretary of Health and Human Services shall modify regulations with respect to the Early and Periodic Screening, Diagnosis and Treatment program under title XIX of the Social Security Act, to require States to undertake aggressive outreach efforts in contacting parents concerning the immunization of their children and in tracking the immunization status of children through information submitted to the State from immunization providers seeking reimbursement under such title XIX.

SEC. ____16. COMPREHENSIVE IMMUNIZATION TRACKING SYSTEM AND NATIONWIDE REGISTRY.

(a) NATIONAL HEALTH INTERVIEW SURVEY.—There are authorized to be appropriated to the Centers for Disease Control, $500,000 for fiscal year 1993, to pay the costs associated with the utilization of the National Health Interview Survey compiled by the National Center for Health Statistics.

(b) RESEARCH AND DEMONSTRATION PROGRAM.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa–1 et seq.) is amended by inserting after section 2108 (as added by section _____15(a)) the following new section:

"SEC. 2109. NATIONWIDE COMPUTERIZED REGISTRY RESEARCH AND DEMONSTRATION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a research and demonstration grant program to award grants to States, or other entities determined appropriate by the Secretary, for the development of computerized immunization registries in such States.

"(b) APPLICATION.—To be eligible to receive a grant under this section, a State or other entity shall prepare and submit to the Secretary an application, at such time, in such manner and containing such information as the Secretary may require, including a description of the immunization registry that such State or entity intends to develop and implement through the use of amounts received under the grant.

"(c) USE OF AMOUNTS.—A State or entity shall use amounts received under a grant awarded under this section to—

"(1) develop and implement a computerized system for the identification and tracking of children for immunization purposes;

"(2) identify appropriate mechanisms for collecting, updating, maintaining and accessing data concerning the immunization of children;

"(3) implement procedures under which vaccine providers will have access to the current immunization records of their patients;

"(4) carry out any other activities determined appropriate by the Secretary.

"(d) REPORTING REQUIREMENTS AND NATIONAL COORDINATION.—Each State or entity that receives a grant under this section shall prepare and submit to the Secretary annual reports concerning the activities undertaken with amounts provided under this section. The Secretary shall utilize such reports to develop a nationwide, computerized registry containing immunization information concerning children throughout the United States. In developing such system, the Secretary shall establish procedures—

"(1) to collect information, through coordination with existing data gathering methods utilized by the Centers for Disease Control, from health care providers and State entities concerning the immunization status of individuals;

"(2) to enable health care providers to access information concerning their patients' immunization status; and

"(3) for tracking the immunization status of children.

"(e) COORDINATION WITH OTHER PROGRAMS.—The Secretary, and each State or entity that receives a grant under this section, shall coordinate the activities under such grant with activities carried out under section 2108.

"(f) AUTHORIZATION OF APPROPRIATIONS.—

"There are authorized to be appropriated to award grants under subsection (a), $12,000,000 for fiscal year 1993.

"(g) REPORT.—The Secretary shall annually prepare and submit to the appropriate committees of Congress, a report concerning the results of the implementation of various Statewide immunization tracking systems established under this section until such time as a nationwide system is fully implemented.".

SEC. _____17. VACCINE PURCHASE AND DISTRIBUTION DEMONSTRATION PROGRAMS.

(a) PUBLIC HEALTH SERVICE ACT.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa-1 et seq.) is amended by inserting after section 2109 (as added by section _____16(b)) the following new section:

"SEC. 2110. PRIVATE PROVIDER VACCINE PURCHASE DEMONSTRATION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a demonstration program under which grants will be awarded to eligible States to enable such States to purchase vaccines for distribution to and use by private health care providers.

"(b) ELIGIBLE STATES.—To be eligible to receive a grant under this section a State shall prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require.

"(c) MAINTENANCE OF SUPPORT.—The Secretary may not award a grant under this section to a State unless the State agrees to maintain the expenditures of the State for activities of the type described in subsection (d), at a level equal to not less than the level of such expenditures maintained by the State for the fiscal year preceding the fiscal year for which the State is applying to receive the grant.

"(d) USE OF AMOUNTS.—

"(1) IN GENERAL.—A State shall use amounts received under a grant awarded under this section to purchase vaccines (in addition to those vaccines that such State would otherwise purchase), and distribute such vaccines at no cost to private health care providers for the immunization of children.

"(2) REQUIREMENTS OF PROVIDERS.—A private health care provider that receives vaccines purchased by the State under this section shall—

"(A) administer such vaccines to patients without assessing such patients for the cost of such vaccines;

"(B) with respect to any assessments made for the costs of administering such vaccines to patients—

"(i) prominently display information that indicates that no individual will be denied a vaccine made available under this section because of the inability of such individual to pay for the costs associated with the administration of such vaccine by the provider; and

"(ii) base such assessments on the ability of the patients to pay, consistent with applicable State requirements;

"(C) provide the State with information concerning the number of individuals treated with such vaccines; and

"(D) carry out any other activity determined appropriate by the State.

"(3) REPORTS.—A State that receives a grant under this section shall annually prepare and submit to the Secretary a report describing the findings of the State with respect to any decrease, during the period for which the report is prepared, in the number of individuals referred by private health care providers to public providers for immunization purposes.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $5,000,000 for the fiscal year 1993.

"(f) REPORT.—Not later than September 30, 1995, the Secretary shall prepare and submit to the appropriate committees of Congress a report concerning the demonstration program established under this section. Such report shall include an assessment of whether the number of individuals referred by private health care providers to public providers for immunization purposes decreased in States awarded grants under this section during grant years.".

(b) SOCIAL SECURITY ACT.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended by adding at the end thereof the following new section:

"PRIVATE PROVIDER VACCINE PURCHASE DEMONSTRATION PROGRAM

"SEC. 1931. (a) ESTABLISHMENT.—The Secretary shall establish a demonstration program under which grants will be awarded to eligible States to enable such States to purchase vaccines for distribution to and use by private health care providers and to provide such providers with increased reimbursements for immunization services provided under this title.

"(b) ELIGIBLE STATES.—To be eligible to receive a grant under this section a State shall prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require.

"(c) MAINTENANCE OF SUPPORT.—The Secretary may not award a grant under this section to a State unless the State agrees to maintain the expenditures of the State for activities of the type described in subsection (d), at a level equal to not less than the level of such expenditures maintained by the State for the fiscal year preceding the fiscal year for which the State is applying to receive the grant.

"(d) USE OF AMOUNTS.—

"(1) IN GENERAL.—A State shall use amounts received under a grant awarded under this section to—

"(A) purchase vaccines (in addition to those vaccines that such State would otherwise purchase), and distribute such vaccines at no cost to private health care providers, on a use and replacement basis, for the immunization of children who are eligible for medical care under this title; and

"(B) provide increased reimbursements under this title to private health care providers with respect to immunization services for which reimbursement is provided under this title.

"(2) REQUIREMENTS OF PROVIDERS.—A private health care provider that receives vaccines purchased by the State under this section shall—

"(A) provide the State with information concerning the number of individuals treated with such vaccines; and

"(B) carry out any other activity determined appropriate by the State.

"(3) REPORTS.—A State that receives a grant under this section shall annually prepare and submit to the Secretary a report describing the findings of the State with respect to—

"(A) any decrease, during the period for which the report is prepared, in the number of individuals referred by private health care providers to public providers for immunization purposes;

"(B) any increase in the number of individuals immunized under this title; and

"(C) any savings achieved by the State in the expenses of such State under this title.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $5,000,000 for fiscal year 1993.

"(f) REPORT.—Not later than September 30, 1995, the Secretary shall prepare and submit to the appropriate committees of Congress a report concerning the demonstration program established under this section. Such report shall include an assessment of—

"(1) whether the number of individuals referred by private health care providers to public providers for immunization purposes decreased in States awarded grants under this section during grant years; and

"(2) the potential savings under this title with respect to immunized children.".

SEC. ____18. NATIONAL FUND FOR DISEASE OUTBREAK CONTROL.

Section 317(j) of the Public Health Service Act (42 U.S.C. 247b(j)) is amended—

(1) in paragraph (1)(A), by inserting "as provided in paragraph (3), and except" after "Except"; and

(2) by adding at the end thereof the following new paragraph:

"(3)(A) There are authorized to be appropriated $20,000,000 for fiscal year 1993 to be deposited in the National Fund for Disease Outbreak Control established under subparagraph (B).

"(B) The Secretary shall establish and administer a National Fund for Disease Outbreak Control. Such Fund shall be used by the Secretary to provide additional resources to enable the Centers for Disease Control to control the outbreaks of diseases requiring additional vaccine purchases.

"(C) Upon the determination by the Secretary that an unanticipated disease outbreak of the type described in subparagraph (B) occurs, the Secretary shall utilize the Fund established under such subparagraph to provide the Centers for Disease Control with the resources necessary to control the spread of such disease through the implementation of necessary preventive measures, including the reimmunization of children in disease-affected areas who have not yet received the recommended second-dose immunization against the disease.

"(D) Amounts appropriated under this paragraph shall remain available without fiscal year limitation.".

SEC. ____19. SUPPORT FOR SPECIAL VACCINE RESEARCH.

Section 2102(a) of the Public Health Service Act (42 U.S.C. 300aa-2(a)) is amended by adding at the end thereof the following new paragraph:

"(10) SPECIAL RESEARCH.—The Director of the Program shall enable such agencies to carry out special research with respect to—

"(A) the development of vaccines that are safe and effective in younger infants and newborns;

"(B) the development of vaccine combinations to decrease the number of injections and required vaccine provider visits; and

"(C) the development of new vaccines, including vaccines for chicken pox and rotovirus strains common throughout the United States.".

SEC. ____20. CENTERS FOR DISEASE CONTROL PROGRAM GUIDANCE.

The Centers for Disease Control shall develop a program guidance for all entities receiving a grant under this Act (or the amendments made by this Act), or any other childhood immunization grant under the Public Health Service Act, that shall require, as a condition of receiving such grants, that such grantees describe in detail the objectives, and plans for achieving such objectives, of such grantees and the specific activities to be undertaken by such grantees to reach out to high-risk populations for immunization purposes. Such program guidance shall also require such grantees to submit end-of-year reports to the Director of the Centers for Disease Control describing the success of such grantees in achieving such objectives and in carrying out such plans.

SEC. ____21. REPORT.

Not later than 6 months after the date of enactment of this Act, and annually thereafter, the Secretary of Health and Human Services shall prepare and submit to the appropriate committees of Congress a report concerning the immunization status of preschool and school-aged children nationwide. Such report shall contain a description of the major impediments to the attainment of desired levels of immunization and recommendations for necessary programmatic, policy and legislative changes.

Subtitle B—State Technology Extension Programs

SEC. ____31. STATE TECHNOLOGY EXTENSION PROGRAMS.

(a) ESTABLISHMENT.—Section 26(a) of the Act of March 3, 1901 (15 U.S.C. 2781(a)), is amended—

(1) by inserting immediately after "(a)" the following new sentence: "There is established within the Institute a State Technology Extension Program."; and

(2) by inserting "through that Program" immediately after "technical assistance".

(b) AUTHORITIES.—Section 26 of the Act of March 3, 1901 (15 U.S.C. 2781) is amended by adding at the end the following new subsection:

"(c)(1) In addition to the general authorities listed in subsection (b) of this section, the State Technology Extension Program also shall, through merit-based competitive review processes and as authorizations and appropriations permit—

"(A) make awards to State and conduct workshops, pursuant to section 5121(b) of the Omnibus Trade and Competitiveness Act of 1988, in order to help States improve their planning and coordination of technology extension activities;

"(B) support industrial modernization demonstration projects to help States create networks among small manufacturers for the purpose of facilitating technical assistance, group services, and improved productivity and competitiveness;

"(C) support State efforts to develop and test innovative ways to capabilities, including innovative methods for transferring Federal technology, for encouraging business networks and shared facilities among small manufacturers, for expanding the skill of the workforce, for identifying new manufacturing opportunities between small and large firms, and for working with the States and, as appropriate, private information companies, to provide small and medium-sized firms with assess to data bases and technical experts;

"(D) support cooperative research and technology assistance projects between the Institute and the States, particularly projects, funded on a matching basis, to help firms within the State to improve their manufacturing and process technologies, including manufacturing education institutes;

"(E) as appropriate, promote the creation of industry-led State quality laboratories or institutes.

"(2) Each application for financial assistance under this subsection shall demonstrate a commitment to derive at least 50 percent of the resources necessary to defray the total cost of the program from non-Federal Government sources, unless the Secretary, acting through the Director, determines that a State government lacks the required resources due to chronic financial difficulties.".

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to such sums as may be authorized to be appropriated by any other Act, there are authorized to be appropriated $110,000,000 for fiscal year 1993 to carry out the provisions of Section 26 the Act of March 3, 1901 (15 U.S.C. 2781).

Subtitle C—Assistance to Unemployed and Youth

SEC. ____41. JOB CORPS.

In addition to such sums as may be authorized to be appropriated by any other Act, there are authorized to be appropriated $236,000,000 for fiscal year 1993 to carry out the provisions of part B of title IV of the Job Training Partnership Act (relating to the Job Corps) (29 U.S.C. 1691 et seq.).

SEC. ____42. HOPE FOR YOUTH: YOUTHBUILD.

Title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437aaa note et seq.) is amended by adding at the end the following new subtitle:

"Subtitle D—HOPE for Youth: Youthbuild

"SEC. 451. STATEMENT OF PURPOSE.

"It is the purpose of this subtitle—

"(1) to expand the supply of permanent affordable housing for homeless individuals and members of low- and very low-income families by harnessing the energies and talents of economically disadvantaged young adults;

"(2) to provide economically disadvantaged young adults with opportunities for meaningful work and service to their communities in helping to meet the housing needs of homeless individuals and members of low- and very low-income families;

"(3) to enable economically disadvantaged young adults to obtain the education and employment skills necessary to achieve economic self-sufficiency; and

"(4) to foster the development of leadership skills and commitment to community development among young adults in low-income communities.

"SEC. 452. PROGRAM AUTHORITY.

"The Secretary is authorized to make—

"(1) planning grants to enable applicants to develop Youthbuild programs; and

"(2) implementation grants to enable applicants to carry out Youthbuild programs.

"SEC. 453. PLANNING GRANTS.

"(a) GRANTS.—The Secretary is authorized to make planning grants to applicants for the purpose of developing Youthbuild programs under this subtitle. The amount of a planning grant under this section may not exceed $150,000, except that the Secretary may for good cause approve a grant in a higher amount.

"(b) ELIGIBLE ACTIVITIES.—Planning grants may be used for activities to develop Youthbuild programs including—

"(1) studies of the feasibility of a Youthbuild program;

"(2) establishment of consortia between youth training and education programs and housing owners or developers, including any organizations specified in section 457(2), which will participate in the Youthbuild program;

"(3) identification and selection of a site for the Youthbuild program;

"(4) preliminary architectural and engineering work for the Youthbuild program;

"(5) identification and training of staff for the Youthbuild program;

"(6) planning for education, job training, and other services that will be provided as part of the Youthbuild program;

"(7) other planning, training, or technical assistance necessary in advance of commencing the Youthbuild program; and

"(8) preparation of an application for an implementation grant under this subtitle.

"(c) APPLICATION.—

"(1) FORM AND PROCEDURES.—An application for a planning grant shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

"(2) MINIMUM REQUIREMENTS.—The Secretary shall require that an application contain at a minimum—

"(A) a request for a planning grant, specifying the activities proposed to be carried out, the schedule for completing the activities, the personnel necessary to complete the activities, and the amount of the grant requested;

"(B) a description of the applicant and a statement of its qualifications, including a description of the applicant's past experience with housing rehabilitation or construction and with youth and youth education and employment training programs, and its relationship with local unions and apprenticeship programs, and other community groups;

"(C) identification and description of potential sites for the program and the construction or rehabilitation activities that would be undertaken at such sites; potential methods for identifying and recruiting youth participants; potential educational and job training activities, work opportunities and other services for participants; and potential coordination with other Federal, State, and local housing and youth education and employment training activities including activities conducted by Indian tribes;

"(D) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the State or unit of general local government within which the project is located; and

"(E) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing.

"(d) SELECTION CRITERIA.—The Secretary shall, by regulation, establish selection criteria for a national competition for assistance under this section, which shall include—

"(1) the qualifications or potential capabilities of the applicant;

"(2) the potential of the applicant for developing a successful Youthbuild program;

"(3) the need for the prospective program, as determined by the degree of economic distress—

"(A) of the community from which participants would be recruited (such as poverty, youth unemployment, and number of individuals who have dropped out of high school); and

"(B) of the community in which the housing proposed to be constructed or rehabilitated would be located (such as incidence of homelessness, shortage of affordable housing, and poverty); and

"(4) such other factors that the Secretary shall require that (in the determination of the Secretary) are appropriate for purposes of carrying out the program established by this subtitle in an effective and efficient manner.

"SEC. 454. IMPLEMENTATION GRANTS.

"(a) GRANTS.—The Secretary is authorized to make implementation grants to applicants for the purpose of carrying out Youthbuild programs approved under this subtitle.

"(b) ELIGIBLE ACTIVITIES.—Implementation grants may be used to carry out Youthbuild programs, including—

"(1) architectural and engineering work;

"(2) acquisition, rehabilitation, acquisition and rehabilitation, or construction of housing and related facilities to be used for the purposes of providing homeownership under subtitle B and subtitle C of this title; residential housing for homeless individuals, and low- and very low-income families; or transitional housing for persons who are homeless, have disabilities, are ill, are deinstitutionalized, or have other special needs;

"(3) administrative costs of the applicant, which may not exceed 15 percent of the amount of assistance provided under this section, or such higher percentage as the Secretary determines is necessary to support capacity development by a private nonprofit organization;

"(4) education and job training services and activities including—

"(A) work experience and skills training, coordinated, to the maximum extent feasible, with preapprenticeship and apprenticeship programs, in the construction and rehabilitation activities described in subsection (b)(2);

"(B) services and activities designed to meet the educational needs of participants, including—

"(i) basic skills instruction and remedial education;

"(ii) bilingual education for individuals with limited-English proficiency;

"(iii) secondary education services and activities designed to lead to the attainment of a high school diploma or its equivalent; and

"(iv) counseling and assistance in obtaining admission to and obtaining financial assistance for enrollment in institutions of higher learning;

"(C) counseling services and other activities designed to—

"(i) ensure that participants overcome personal problems that would interfere with successful participation; and

"(ii) develop a strong, mutually supportive peer context in which values, goals, cultural heritage, and life skills can be explored and strengthened;

"(D) opportunities to develop the decisionmaking, speaking, negotiating, and other leadership skills of participants, such as the establishment and operation of a youth council with meaningful decisionmaking authority over aspects of the program;

"(E) activities designed to maximize the value of the participants as future employees and to prepare participants for seeking, obtaining, and retaining unsubsidized employment; and

"(F) support services and need-based stipends necessary to enable individuals to participate in the program and, for a period not to exceed 12 months after completion of training, to assist participants through support services in retaining employment;

"(5) wage stipends and benefits provided to participants;

"(6) funding of operating expenses and replacement reserves of the property covered by the Youthbuild program;

"(7) legal fees; and

"(8) defraying costs for the ongoing training and technical assistance needs of the recipient that are related to developing and carrying out the Youthbuild program.

"(c) APPLICATION.—

"(1) FORM AND PROCEDURE.—An application for an implementation grant shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

"(2) MINIMUM REQUIREMENTS.—The Secretary shall require that an application contain at a minimum—

"(A) a request for an implementation grant, specifying the amount of the grant requested and its proposed uses;

"(B) a description of the applicant and a statement of its qualifications, including a description of the applicant's past experience with housing rehabilitation or construction and with youth and youth education and employment training programs, and its relationship with local unions and apprenticeship programs, and other community groups;

"(C) a description of the proposed site for the program;

"(D) a description of the educational and job training activities, work opportunities, and other services that will be provided to participants;

"(E) a description of the proposed construction or rehabilitation activities to be undertaken and the anticipated schedule for carrying out such activities;

"(F) a description of the manner in which eligible youths will be recruited and selected, including a description of arrangements which will be made with community-based organizations, State and local educational agencies, including agencies of Indian tribes, public assistance agencies, the courts of jurisdiction for status and youth offenders, shelters for homeless individuals and other agencies that serve homeless youth, foster care agencies, and other appropriate public and private agencies;

"(G) a description of the special outreach efforts that will be undertaken to recruit eligible young women (including young women with dependent children);

"(H) a description of how the proposed program will be coordinated with other Federal, State, and local activities and activities conducted by Indian tribes, including vocational, adult and bilingual education programs, job training provided with funds available under the Job Training Partnership Act and the Family Support Act of 1988, and housing and community development programs, including programs that receive assistance under section 106 of the Housing and Community Development Act of 1974;

"(I) assurances that there will be a sufficient number of adequately trained supervisory personnel in the program who have attained the level of journeyman or its equivalent;

"(J) a description of the applicant's relationship with local building trade unions regarding their involvement in training, and the relationship of the Youthbuild program with established apprenticeship programs;

"(K) a description of activities that will be undertaken to develop the leadership skills of participants;

"(L) a detailed budget and a description of the system of fiscal controls and auditing and accountability procedures that will be used to ensure fiscal soundness;

"(M) a description of the commitments for any additional resources to be made available to the program from the applicant, from recipients of other Federal, State or local housing and community development assistance who will sponsor any part of the construction, rehabilitation, operation and maintenance, or other housing and community development activities undertaken as part of the program, or from other Federal, State or local activities and activities conducted by Indian tribes, including, but not limited to, vocational, adult and bilingual education programs, and job training provided with funds available under the Job Training Partnership Act and the Family Support Act of 1988;

"(N) identification and description of the financing proposed for any—

"(i) rehabilitation;

"(ii) acquisition of the property; or

"(iii) construction;

"(O) identification and description of the entity that will operate and manage the property;

"(P) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the State or unit of general local government within which the project is located; and

"(Q) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing.

"(d) SELECTION CRITERIA.—The Secretary shall establish selection criteria for assistance under this section, which shall include—

"(1) the qualifications or potential capabilities of the applicant;

"(2) the feasibility of the Youthbuild program;

"(3) the potential for developing a successful Youthbuild program;

"(4) the need for the prospective project, as determined by the degree of economic distress of the community from which participants would be recruited (such as poverty, youth unemployment, number of individuals who have dropped out of high school) and of the community in which the housing proposed to be constructed or rehabilitated would be located (such as incidence of homelessness, shortage of affordable housing, poverty);

"(5) the apparent commitment of the applicant to leadership development, education, and training of participants;

"(6) the inclusion of previously homeless tenants in the housing provided;

"(7) the commitment of other resources to the program by the applicant and by recipients of other Federal, State or local housing and community development assistance who will sponsor any part of the construction, rehabilitation, operation and maintenance, or other housing and community development activities undertaken as part of the program, or by other Federal, State or local activities and activities conducted by Indian tribes, including, but not limited to, vocational, adult and bilingual education programs, and job training provided with funds available under the Job Training Partnership Act and the Family Support Act of 1988; and

"(8) such other factors as the Secretary determines to be appropriate for purposes of carrying out the program established by this subtitle in an effective and efficient manner.

"(e) PRIORITY FOR APPLICANTS WHO OBTAIN HOUSING MONEY FROM OTHER SOURCES.—The Secretary shall give priority in the award of grants under this section to applicants to the extent that they propose to finance activities described in paragraphs (1), (2), and (6) of subsection (b) from funds provided from Federal, State, local, or private sources other than assistance under this subtitle.

"(f) APPROVAL.—The Secretary shall notify each applicant, not later than 4 months after the date of the submission of the application, whether the application is approved or not approved.

"(g) COMBINED PLANNING AND IMPLEMENTATION GRANT APPLICATION PROCEDURE.—The Secretary shall develop a procedure whereby an applicant may apply at the same time and in a single application for a planning grant and an implementation grant, with receipt of the implementation grant conditioned on successful completion of the activities funded by the planning grant.

"SEC. 455. YOUTHBUILD PROGRAM REQUIREMENTS.

"(a) RESIDENTIAL RENTAL HOUSING.—Each residential rental housing project receiving assistance under this subtitle shall meet the following requirements:

"(1) OCCUPANCY BY LOW- AND VERY LOW-INCOME FAMILIES.—In the project—

"(A) at least 90 percent of the units shall be occupied, or available for occupancy, by individuals and families with incomes less than 60 percent of the area median income, adjusted for family size; and

"(B) the remaining units shall be occupied, or available for occupancy, by low-income families;

"(2) TENANT PROTECTIONS.—

"(A) LEASE.—The lease between a tenant and an owner of residential rental housing assisted under this subtitle shall be for not less than 1 year, unless by mutual agreement between the tenant and the owner, and shall contain such terms and conditions as the Secretary shall determine to be appropriate.

"(B) TERMINATION OF TENANCY.—An owner shall not terminate the tenancy or refuse to renew the lease of a tenant of residential rental housing assisted under this title except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action.

"(C) MAINTENANCE AND REPLACEMENT.—The owner of residential rental housing assisted under this subtitle shall maintain the premises in compliance with all applicable housing quality standards and local code requirements.

"(D) TENANT SELECTION.—The owner of residential rental housing assisted under this subtitle shall adopt written tenant selection policies and criteria that—

"(i) are consistent with the purpose of providing housing for homeless individuals and members of very low-income and low-income families;

"(ii) are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;

"(iii) give reasonable consideration to the housing needs of families that would have a preference under section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)(4)(A)); and

"(iv) provide for the maintenance of a written waiting list in the chronological order of application, and give all applicants due consideration in appropriate sequence, notifying applicants promptly of the results of their applications.

"(3) LIMITATION ON RENTAL PAYMENTS.—Tenants in each project shall not be required to pay rent in excess of that in accordance with section 3(a) of the Housing Act of 1937.

"(4) TENANT PARTICIPATION PLAN.—For each project owned by a nonprofit organization, the organization shall provide a plan for and follow a program of tenant participation in management decisions.

"(b) TRANSITIONAL HOUSING.—Each transitional housing project receiving assistance under this subtitle shall adhere to the requirements regarding service delivery, housing standards, and rent limitations imposed on comparable housing receiving assistance under title IV of the Stewart B. McKinney Homeless Assistance Act.

"(c) LIMITATIONS ON PROFITS FOR RENTAL AND TRANSITIONAL HOUSING.—

"(1) MONTHLY RENTAL LIMITATION.—Aggregate monthly rental for each eligible project may not exceed the operating costs of the project (including debt service, management, adequate reserves, and other operating costs) plus a 6 percent return on the equity investment, if any, of the project owner.

"(2) PROFIT LIMITATIONS ON PARTNERS.—A nonprofit organization that receives assistance under this subtitle for a project shall agree to use any profit received from the operation, sale, or other disposition of the project for the purpose of providing housing for low- and moderate-income families. Profit-motivated partners in a nonprofit partnership may receive—

"(A) not more than a 6 percent return on their equity investment from project operations; and

"(B) upon disposition of the project, not more than an amount equal to their initial equity investment plus a return on that investment equal to the increase in the Consumer Price Index for the geographic location of the project since the time of the initial investment of such partner in the project.

"(d) HOMEOWNERSHIP.—Each homeownership project that receives assistance under this subtitle shall comply with the requirements of either subtitle B or subtitle C of this title.

"(e) RESTRICTIONS ON CONVEYANCE.—The ownership interest in a project that receives assistance under this subtitle may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner.

"(f) CONVERSION OF TRANSITIONAL HOUSING.—The Secretary may waive the requirements of subsection (b) to permit the conversion of a transitional housing project to a permanent housing project only if such housing would meet the requirements for residential rental housing specified in this section.

"(g) PERIOD OF RESTRICTIONS.—A project that receives assistance under this subtitle shall comply with the requirements of this section for the remaining useful life of the property.

"SEC. 456. ADDITIONAL PROGRAM REQUIREMENTS.

"(a) ELIGIBLE PARTICIPANTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), an individual shall be eligible to participate in a Youthbuild program receiving assistance under this subtitle if such individual is—

"(A) 16 to 24 years of age, inclusive;

"(B) economically disadvantaged; and

"(C) an individual who has dropped out of high school.

"(2) EXCEPTIONS.—Not more than 25 percent of the participants in a Youthbuild program receiving assistance under this subtitle may be individuals who—

"(A) do not meet the requirement of paragraph (1)(B), but who are members of low-income families; or

"(B) do not meet the requirement of paragraph (1)(C), but have educational needs despite the attainment of a high school diploma or its equivalent.

"(3) PARTICIPATION LIMITATION.—Any eligible individual selected for full-time participation in a Youthbuild program may be offered full-time participation for a period of not less than 6 months and not more than 24 months.

"(b) MINIMUM TIME DEVOTED TO EDUCATIONAL SERVICES AND ACTIVITIES.—A

Youthbuild program receiving assistance under this subtitle must be structured so that 50 percent of the time spent by participants in the program is devoted to educational services and activities, such as those specified in section 454(b)(4) (B) through (F) of this subtitle.

"(c) AUTHORITY RESTRICTION.—No provision of this subtitle may be construed to authorize any agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system, or over the selection of library resources, textbooks, or other printed or published instructional materials by any educational institution or school system.

"(d) STATE AND LOCAL STANDARDS.—All educational programs and activities supported with funds provided under this subtitle shall be consistent with applicable State and local educational standards. Standards and procedures with respect to the awarding of academic credit and certifying educational attainment in such programs shall be consistent with applicable State and local educational standards.

"(e) WAGES, LABOR STANDARDS, AND NONDISCRIMINATION.—To the extent consistent with the provisions of this subtitle, sections 142, 143 and 167 of the Job Training Partnership Act, relating to wages and benefits, labor standards, and nondiscrimination, shall apply to the programs conducted under this subtitle as if such programs were conducted under the Job Training Partnership Act. Nothing in this section shall be construed to prevent recipients from using funds from other sources to pay reasonable wages and benefits at a higher level if appropriate.

"SEC. 457. DEFINITIONS.

"As used in this subtitle:

"(1) ADJUSTED INCOME.—The term 'adjusted income' has the meaning given the term in section 3(b)(5) of the United States Housing Act of 1937.

"(2) APPLICANT.—The term 'applicant' means a public or private nonprofit agency, such as—

"(A) a community-based organization;

"(B) an administrative entity designated under section 103(b)(1)(B) of the Job Training Partnership Act;

"(C) a community action agency;

"(D) a State and local housing development agency, including an agency of an Indian tribe;

"(E) a community development corporation;

"(F) a State and local youth service and conservation corps, including such a service or corps conducted by an Indian tribe; and

"(G) any other entity eligible to provide education and employment training under other Federal employment training programs.

"(3) COMMUNITY-BASED ORGANIZATION.—The term 'community-based organization' means a private nonprofit organization that—

"(A) maintains, through significant representation on the organization's governing board and otherwise, accountability to low-income community residents and, to the extent practicable, low-income beneficiaries of programs receiving assistance under this subtitle; and

"(B) has a history of serving the local community or communities where a program receiving assistance under this subtitle is located.

"(4) ECONOMICALLY DISADVANTAGED.—The term 'economically disadvantaged' has the same meaning given the term in section 4(8) of the Job Training Partnership Act.

"(5) INDIVIDUAL WHO HAS DROPPED OUT OF HIGH SCHOOL.—The term 'individual who has dropped out of high school' means an individual—

"(A) who is neither attending any school nor subject to a compulsory attendance law; and

"(B) who has not received a secondary school diploma or a certificate of equivalency for such diploma.

Such term does not include any individual who has attended secondary school at any time during the preceding 6 months.

"(6) HOMELESS INDIVIDUAL.—The term 'homeless individual' has the meaning given the term in section 103 of the Stewart B. McKinney Homeless Assistance Act.

"(7) HOUSING DEVELOPMENT AGENCY.—The term 'housing development agency' means any agency of a State or local government, including an agency of an Indian tribe, or any private nonprofit organization that is engaged in providing housing for homeless or low-income families.

"(8) INCOME.—The term 'income' has the meaning given the term in section 3(b)(4) of the United States Housing Act of 1937.

"(9) INDIAN TRIBE.—The term 'Indian tribe' has the same meaning given such term in section 102(a)(17) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(17)).

"(10) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965.

"(11) LIMITED-ENGLISH PROFICIENCY.—The term 'limited-English proficiency' has the meaning given the term in section 7003 of the Bilingual Education Act.

"(12) LOW-INCOME FAMILY.—The term 'low-income family' has the meaning given the term 'lower income families' in section 3(b)(2) of the United States Housing Act of 1937.

"(13) VERY LOW-INCOME FAMILY.—The term 'very low-income family' means families whose income does not exceed 50 percent of the median family income determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

"(14) OFFENDER.—The term 'offender' means any adult or juvenile with a record of arrest or conviction for a criminal offense.

"(15) QUALIFIED PUBLIC OR PRIVATE NONPROFIT AGENCY.—The term 'qualified public or private nonprofit agency' means any nonprofit agency that has significant prior experience in the operation of projects similar to the Youthbuild program authorized under this subtitle and that has the capacity to provide effective technical assistance.

"(16) RELATED FACILITIES.—The term 'related facilities' includes cafeterias or dining halls, community rooms or buildings, appropriate recreation facilities, and other essential service facilities.

"(17) SECRETARY.—The term 'Secretary' means the Secretary of Housing and Urban Development.

"(18) STATE.—The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, the Trust Territories of the Pacific Islands, or any other territory or possession of the United States.

"(19) TRANSITIONAL HOUSING.—The term 'transitional housing' means a project that has as its purpose facilitating the movement of homeless individuals and families to independent living within a reasonable amount of time. Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

"(20) YOUTHBUILD PROGRAM.—The term 'Youthbuild program' means any program that receives assistance under this subtitle and provides disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

"SEC. 458. MANAGEMENT AND TECHNICAL ASSISTANCE.

"(a) SECRETARY ASSISTANCE.—The Secretary may enter into contracts with a qualified public or private nonprofit agency to provide assistance to the Secretary in the management, supervision, and coordination of Youthbuild programs receiving assistance under this subtitle.

"(b) SPONSOR ASSISTANCE.—The Secretary shall enter into contracts with a qualified public or private nonprofit agency to provide appropriate training, information, and technical assistance to sponsors of programs assisted under this subtitle.

"(c) APPLICATION PREPARATION.—Technical assistance may also be provided in the development of program proposals and the preparation of applications for assistance under this subtitle to eligible entities which intend or desire to submit such applications. Community-based organizations shall be given first priority in the provision of such assistance.

"(d) RESERVATION OF FUNDS.—The Secretary shall reserve 5 percent of the amounts available in each fiscal year under section 402 to carry out subsections (b) and (c) of this section.

"SEC. 459. CONTRACTS.

"Each Youthbuild program shall carry out the services and activities under this subtitle directly or through arrangements or under contracts with administrative entities designated under section 103(b)(1)(B) of the Job Training Partnership Act, with State and local educational agencies, institutions of higher education, State and local housing development agencies, or with other public agencies, including agencies of Indian tribes, and private organizations.

"SEC. 460. REGULATIONS.

"The Secretary shall issue any regulations necessary to carry out this subtitle.

"SEC. 461. AUTHORIZATION.

"Of the funds authorized to be appropriated for grants under title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437aaa et seq.) for fiscal year 1993, not less than $40,000,000 is authorized for activities under this subtitle.".

SEC. ____43. COMMUNITY DEVELOPMENT BLOCK GRANTS.

Section 103 of the Housing and Community Development Act of 1974 (42 U.S.C. 5303) is amended by striking the second sentence and inserting the following: "For purposes of assistance under section 106, there are authorized to be appropriated $3,900,000,000 for fiscal year 1993. Of any amounts authorized to be appropriated under this section—

"(1) not less than $3,000,000 is authorized in fiscal year 1993 in the form of grants to institutions of higher education, either directly or through areawide planning organizations or States, for the purpose of providing assistance to economically disadvantaged and minority students who participate in community development work study programs and are enrolled in full-time graduate or undergraduate programs in community and economic development, community planning, or community management,

"(2) not less than $6,500,000 is authorized for fiscal year 1993 in the form of grants to historically black colleges, and

"(3) not less than $7,000,000 is authorized for fiscal year 1993 for grants in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.".

RURAL DEVELOPMENT AND ANCIENT FOREST ECOSYSTEM CONSERVATION ACT

CRANSTON AMENDMENT NO. 2710

(Ordered referred to the Committee on Agriculture, Nutrition, and Forestry.)

Mr. CRANSTON submitted an amendment intended to be proposed by him to the bill (S. 2895) to provide a program for rural development for communities and businesses in the Pacific Northwest and northern California, to provide retraining assistance for workers in the Pacific Northwest and northern California who have been dislocated from the timber harvesting, log hauling and transportation, saw mill, and wood products industries, to provide cost share and forest management assistance to private landowners in the Pacific Northwest and northern California in order to ensure the long-term supply of Pacific yew for medicinal purposes, to preserve Federal watersheds and late-successional and old-growth forests in the Pacific Northwest and northern California, to provide oversight of national forest ecosystem management throughout the United States, to provide for research on national forest ecosystem management, and for other purposes, as follows:

On page 10, line 1, strike "and" and all that follows through line 4 and insert "Mendocino, Modoc, Lassen, Plumas, Tahoe, Eldorado, Stanislaus, Sierra, Sequoia, Inyo, and Toiyabe national Forests, and the Lake Tahoe Basin Management Unit; or".

On page 61, lines 8 through 9, strike "Committee for" and insert "Committees for Region 5 and".

On page 61, line 14, insert "Region 5 and" after "in".

On page 62, line 23, strike "; and" and insert a semicolon.

On page 62, line 25, strike the period an insert a semicolon.

On page 62, after line 25, add the following new paragraphs:

(9) consider the effect of adopting for the Eastside forests in the State of California the strategy for the protection of the California spotted owl recommended in the report entitled "The California Spotted Owl: A Technical Assessment of Its Current Status", prepared by the Forest Service, dated May 8, 1992; and

(10) evaluate the applicability of adopting for the Eastside forests in the State of California the strategy recommended in the report entitled "Recommendations for Managing Late-Seral-Stage Forests and Riparian Habitats on the Tahoe National Forest", prepared by the Forest Service, dated February 1992.

On page 64, line 20, insert "and cold water fish" after "fish".

On page 66, line 17, strike "and".

On page 66, between lines 17 and 18, insert the following new clause:

(vii) an area in the State of California identified as roadless during the second Roadless Area Review and Evaluation (RARE II) process of the Forest Service; and

On page 66, line 18, strike "(vii)" and insert "(viii)".

On page 67, line 23, before the period, insert the following: "in the States of Washington and Oregon, and harvest of trees that are 30 inches or greater in diameter (measured at breast height) shall not be permitted in the State of California".

On page 68, line 17, before the period, insert the following: "or in an area in the State of California identified as roadless during the second Roadless Area Review and Evaluation (RARE II) process of the Forest Service".

• Mr. CRANSTON. Mr. President, today I am submitting an amendment to S. 2895, the Rural Development and Ancient Forest Ecosystem Conservation Act, to address the problems of the Sierra Nevada forests of California and to provide the same protection for these forest lands as the eastside forests of Washington and Oregon.

California is well known for its spectacular mountains—the Sierra Nevadas. As John Muir wrote a century ago:

The Sierra Nevada seems to me above all others the Range of Light, the most divinely beautiful of all the mountain chains I have ever seen.

Extending 400 miles from north to south, the Sierra Nevada encompasses a remarkable diversity of forest types, wildlife habitats, watersheds, and geologic formations. Its ancient forests are characterized by large conifers, multilayered tree canopies, and a full range of tree ages and sizes. There one finds the giant sequoia and sugar pine, as well as ponderosa pine, incense cedar, Douglas fir, white and red fir, and black oak. These forests provide essential habitat for the rare Pacific fisher and pine marten as well as the California spotted owl, Wolverine, Sierra Nevada red fox, and many species of rare frogs and salamanders.

Unfortunately, over the past hundred years, the Sierra Nevada's ancient forests have been fragmented and devastated—until now less than 15 percent of the original pristine undisturbed forest remains.

Last fall, the Sacramento Bee in a Pulitizer-prize-winning series revealed that overlogging is irreversibly altering the Sierras, eliminating its ancient forests, and threatening the survival of the diverse species the range supports. "The problems have spread gradually, like the slow march of cancer," the Bee reported. "For years, few people even noticed. The Sierra Nevada seemed somehow immune—too big and too majestic to succumb to civilization and its pressures. But its vital signs—air, water, soil, wildlife, and timber—are failing fast." The Sierra Nevada, the Bee concluded, is in peril.

The Bee identified a host of factors contributing to the decline of the Sierra Nevada forests—logging, mining, air pollution, drought, fire, and urbanization. But most serious is the accelerated logging which is denuding the land, eroding mountain soil, and silting streams and rivers. Habitat for sensitive species like the California spotted owl, pine marten and Pacific fisher is being rapidly destroyed. Once clear streams which provided habitat for chinook salmon and Paiute cutthroat trout have been ruined, the fisheries choked to death by silt.

The Forest Service's own scientists have now confirmed that existing forest management is destroying the health of the Sierra Nevadas. On May 8, 1992, the Forest Service, in conjunction with the California Resources Agency, released a report of the Technical Assessment Team of the California Spotted Owl Interagency Steering Committee which indicts existing management, documents the need for strong interim protection of the ancient forest of the Sierra Nevada pending further study, and calls for a major change in management direction. According to the scientists:

Selective logging of the largest trees from the most productive sites in the Sierra Nevada has resulted in significant changes in diameter distributions of trees, leaving relatively few very old, large trees that are clearly selected by the owls for nesting. Clear evidence from past logging practices and from the LMP's (Land Management Plans) for Sierrans NF's indicates that most of these stands will soon be gone if the direction of forest management in Sierran conifer forests is not changed.

S. 2895 is a comprehensive measure which addresses both the need to protect our ancient forests and to assist the people and rural communities who depend upon timber production from these forests. As introduced, the bill covers the westside forests of Washington, Oregon, and northern California which provide habitat for the northern spotted owl as well as the eastside forests of Washington and Oregon.

Mr. President, the need to address the problems of the ancient forests of the Sierra Nevada is equally urgent.

My amendment would include the Sierra Nevada forests in the S. 2895. Consistent with the recommendations of the California spotted owl report, my amendment would provide for a study of the old-growth forests of the Sierra Nevada and development of an ecosystem based approach to managing these forests. it also would afford in-

terim protection of these forests during the study period and until the study recommendations for management and protection are implemented. And my amendment would ensure that Sierra Nevada communities and forest workers also receive adequate assistance during the tough transition period ahead as timber harvesting declines. This important assistance includes financial relief, job retraining, and grants and low-interest loans to small businesses to help implement diversification of local economies.

Mr. President, I applaud Senators ADAMS and LEAHY for their leadership in sponsoring comprehensive legislation on the old-growth forest issue and I look forward to working with them closely to ensure that all of California's old-growth forests, including the Sierra Nevada, receive proper management, protection, restoration, and maintenance of biological diversity.●

FREEDOM FOR RUSSIA AND EMERGING EURASIAN DEMOCRACIES AND OPEN MARKETS SUPPORT ACT

METZENBAUM (AND RIEGLE) AMENDMENT NO. 2711

Mr. METZENBAUM (for himself and Mr. RIEGLE) proposed an amendment to amendment No. 2709 proposed by Mr. RIEGLE (and Mr. METZENBAUM) to the bill S. 2532, supra, as follows:

Strike all after the first word and insert the following:

___—AID TO AMERICA

SEC. ____01. SHORT TITLE.

This title may be cited as the "Aid to America Act".

Subtitle A—Medical Assistance

SEC. ____11. SHORT TITLE.

This subtitle may be cited as the "Comprehensive Child Health Immunization Act".

SEC. ____12. IMPLEMENTATION OF CENTERS FOR DISEASE CONTROL PRACTICE STANDARDS.

(a) IN GENERAL.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa–1 et seq.) is amended—

(1) by redesignating section 2106 (42 U.S.C. 300aa–6) as section 2111; and

(2) by inserting after section 2105 (42 U.S.C. 300aa–5) the following new section:

"SEC. 2106. IMPLEMENTATION AND COMPLIANCE WITH IMMUNIZATION PRACTICE STANDARDS.

"(a) DESIGNATION BY SECRETARY.—Not later than 6 months after the date of enactment of this section, the Secretary shall publish in the Federal Register a designation of those Standards for Immunization Practices, developed and published by the Centers for Disease Control under the auspices of the National Vaccine Advisory Committee (hereafter referred to in this section as the 'standards'), that the Secretary determines can be implemented without cost.

"(b) COMPLIANCE.—

"(1) IN GENERAL.—Not later than 18 months after the date of enactment of this section, the Secretary shall promulgate regulations that require all individuals or entities receiving assistance from the Secretary for public sector immunization and social service programs, or for private sector immunization services provided through reimbursements made under title XIX of the Social Security Act or with vaccines made available by the Centers for Disease Control, to comply with the standards designated under subsection (a).

"(2) STATES.—Regulations promulgated under paragraph (1) shall require States receiving Federal funds that are used to provide vaccines, to insure that the recipients of such vaccines adhere to the standards designated under subsection (a).

"(3) AUDIT PROCEDURES.—The Secretary shall utilize and expand existing audit procedures to monitor compliance with the requirements of this subsection.

"(c) OTHER STANDARDS.—

"(1) PROVISION OF ASSISTANCE.—The Secretary may provide assistance to entities that receive Federal immunization grant funds, to enable such entities to implement those Standards for Immunization Practices that the Secretary determines will necessitate the commitment of additional financial resources and to increase the access of children to immunizations.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to provide assistance under paragraph (1), $10,000,000 for fiscal year 1993.".

(b) CONFORMING AMENDMENTS.—

(1) Section 2102(a)(9) of such Act (42 U.S.C. 300aa–2(a)(9)) is amended by striking out "2106" and inserting in lieu thereof "2111".

(2) Section 2111(a) of such Act (as redesignated by subsection (a)(1)) is amended by striking out "section 2102(9)" and inserting in lieu thereof "sections 2102(9), 2106, 2107, 2108, 2109, and 2110".

SEC. ____13. INCREASED IMMUNIZATION THROUGH ENROLLMENT INFORMATION.

Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa–1 et seq.) is amended by inserting after section 2106 (as added by section ____12) the following new section:

"SEC. 2107. DEVELOPMENT OF ENROLLMENT AND REFERRAL INFORMATION.

"(a) IN GENERAL.—The Secretary, in consultation with the Secretary of Agriculture and with appropriate organizations, shall develop—

"(1) model questions concerning immunization status and medical history; and

"(2) model packets of information concerning—

"(A) the risks and benefits associated with vaccines;

"(B) locations of immunization providers with respect to each State; and

"(C) other material determined appropriate by the Secretary;

for use by States in enrolling and recertifying individuals with respect to programs under this Act, part A of title IV and title XIX of the Social Security Act, the special supplemental food program under section 17 of the Child Nutrition Act of 1966, and other programs designated by the Secretary.

"(b) INCORPORATION AND PROVISION OF INFORMATION.—

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Secretary shall require States to—

"(A) incorporate the model questions developed under subsection (a)(1) into the forms and procedures utilized by such States with respect to the programs referred to in subsection (a); and

"(B) provide the appropriate information developed under subsection (a)(2) to recipients of benefits provided under the programs referred to in subsection (a).

"(2) OTHER ENTITIES.—The model questions and informational packets developed under subsection (a) shall be administered and provided to recipients of benefits under other Federally administered health programs, including benefits under the block grant program under title V of the Social Security Act, the preventive health block grant program under part A of title XIX of this Act, and benefits provided through community and migrant health centers.

"(c) REFERRAL PROCEDURES.—Not later than 1 year after the date of enactment of this section, the Secretary shall develop and apply, and require States to apply, procedures relating to the referral of individuals for immunization services, including a plan for the provision of transportation assistance for children eligible to receive assistance under title XIX of the Social Security Act.".

SEC. ____14. REQUIREMENT OF IMMUNIZATIONS WITH RESPECT TO CHILD CARE.

(a) AFDC AND FAMILY SUPPORT SERVICES.—Part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding at the end thereof the following new section:

"IMMUNIZATION STATUS OF CHILDREN

"SEC. 418. In addition to meeting the other requirements of this part, to be eligible to receive payments under this part, a State shall provide assurances to the Secretary that child care providers within the State that provide services for which assistance is provided under this part will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(b) SOCIAL SERVICES BLOCK GRANTS.—Section 2005 of the Social Security Act (42 U.S.C. 1397d) is amended by adding at the end thereof the following new subsection:

"(c) To be eligible to receive payments under this part, a State shall provide assurances to the Secretary that child care providers within the State that provide services for which assistance is provided under this part will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(c) CHILD CARE FOOD PROGRAM.—Section 17(a)(2) of the National School Lunch Act (42 U.S.C. 1766(a)(2)) is amended—

(1) in subparagraph (B), by striking out "and" at the end thereof;

(2) in subparagraph (C), by striking out the period and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new subparagraph:

"(D) will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(d) CHILD CARE AND DEVELOPMENT BLOCK GRANTS.—Section 658E(c)(2) of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858e(c)(2)) is amended by adding at the end thereof the following new subparagraph:

"(K) IMMUNIZATION STATUS.—Provide assurances that child care providers within the

State that provide services for which assistance is provided under this subchapter will utilize the questions concerning immunization status with respect to the children served by such providers, and provide such information to the parents or guardians of such children, as developed under section 2107 of the Public Health Service Act.".

(e) EFFECTIVE DATE.—The amendments made by this section shall become effective 6 months after the date of enactment of this Act.

SEC. ____15. INCREASED OUTREACH AND ACCESS TO IMMUNIZATIONS.

(a) INFANT IMMUNIZATION INITIATIVE PLANS.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa-1 et seq.) is amended by inserting after section 2107 (as added by section _____13) the following new section:

"SEC. 2108. GRANTS FOR IMPLEMENTATION OF INFANT IMMUNIZATION PLANS AND SUPPORT OF INNOVATIVE PROGRAMS.

"(a) IN GENERAL.—The Secretary shall award demonstration grants to eligible State and local entities to enable such entities to fully implement the plans of such entities with respect to the Infant Immunization Initiative.

"(b) ELIGIBLE ENTITIES.—To be eligible to receive a grant under subsection (a), an entity shall—

"(1) be a State or local entity that has developed a plan under the Infant Immunization Initiative; and

"(2) prepare and submit to the Secretary an application, at such time, in such manner and containing such information as the Secretary determines appropriate, including a description of the activities the entity intends to carry out using amounts received under the grant.

"(c) MAINTENANCE OF SUPPORT.—The Secretary may not award a grant under this section to an entity unless the entity agrees to maintain the expenditures of the entity for activities of the type described in subsection (e), at a level equal to not less than the level of such expenditures maintained by the entity for the fiscal year preceding the fiscal year for which the entity is applying to receive the grant.

"(d) AMOUNT OF GRANT.—The amount of each grant provided under this section shall be determined by the Secretary based on the size and demonstrated need of the entity.

"(e) USE OF AMOUNTS.—Amounts received under a grant awarded under this section shall be utilized for the implementation of the immunization plan of the entity. Activities under such plan may include—

"(1) the establishment of express vaccination facilities in health clinics;

"(2) the provision of vaccinations in hospital emergency rooms, through in-home visits and in day or child care centers, Head Start institutions, and in schools;

"(3) the establishment of mobile vaccination teams; and

"(4) other activities determined appropriate by the Secretary.

"(f) INNOVATIVE LOCAL PROGRAMS.—The Secretary may make grants to local communities submitting applications that meet the requirements of subsection (b)(2), to assist such communities in carrying out innovative programs designed to increase access to immunizations.

"(g) REPORTING REQUIREMENT.—An entity that receives a grant under this section shall annually prepare and submit to the Secretary a report concerning the activities undertaken using amounts received under the grant. The Secretary shall compile information received in such reports, make such information available to the public, and provide for the use of such information in the immunization planning activities of other State or local entities.

"(h) AUTHORIZATION OF APPROPRIATIONS.—

"(1) GENERAL PROGRAM.—There are authorized to be appropriated to carry out this section, other than subsection (f), $20,000,000 for fiscal year 1993. A grant awarded with amounts appropriated under this paragraph shall not be for a period in excess of 3 years.

"(2) LOCAL INNOVATIVE PROGRAMS.—There are authorized to be appropriated to carry out subsection (f), $30,000,000 for fiscal year 1993.".

(b) COMPLIANCE WITH PRACTICE STANDARDS.—Section 2106 of such Act (as added by section 12) is amended by adding at the end thereof the following new subsection:

"(d) SUPPORT OF OPERATIONAL ACTIVITIES.—

"(1) IN GENERAL.—The Secretary, acting through the Centers for Disease Control, may provide assistance to entities of the type referred to in subsection (b)(1), to support the additional operational activities of immunization sites necessary to maintain compliance with the standards relating to infrastructure changes. Such assistance may also be provided to support innovative approaches designed to increase the access of children to immunization services.

"(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection, $5,000,000 for fiscal year 1993.".

(c) CONSUMER MATERIALS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall provide for the development and distribution of consumer educational materials concerning childhood immunizations.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1993, $5,000,000 to carry out this subsection.

(d) EARLY AND PERIODIC SCREENING, DIAGNOSIS AND TREATMENT PROGRAM.—The Secretary of Health and Human Services shall modify regulations with respect to the Early and Periodic Screening, Diagnosis and Treatment program under title XIX of the Social Security Act, to require States to undertake aggressive outreach efforts in contacting parents concerning the immunization of their children and in tracking the immunization status of children through information submitted to the State from immunization providers seeking reimbursement under such title XIX.

SEC. ____16. COMPREHENSIVE IMMUNIZATION TRACKING SYSTEM AND NATIONWIDE REGISTRY.

(a) NATIONAL HEALTH INTERVIEW SURVEY.—There are authorized to be appropriated to the Centers for Disease Control, $500,000 for fiscal year 1993, to pay the costs associated with the utilization of the National Health Interview Survey compiled by the National Center for Health Statistics.

(b) RESEARCH AND DEMONSTRATION PROGRAM.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa-1 et seq.) is amended by inserting after section 2108 (as added by section _____15(a)) the following new section:

"SEC. 2109. NATIONWIDE COMPUTERIZED REGISTRY RESEARCH AND DEMONSTRATION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a research and demonstration grant program to award grants to States, or other entities determined appropriate by the Secretary, for the development of computerized immunization registries in such States.

"(b) APPLICATION.—To be eligible to receive a grant under this section, a State or other entity shall prepare and submit to the Secretary an application, at such time, in such manner and containing such information as the Secretary may require, including a description of the immunization registry that such State or entity intends to develop and implement through the use of amounts received under the grant.

"(c) USE OF AMOUNTS.—A State or entity shall use amounts received under a grant awarded under this section to—

"(1) develop and implement a computerized system for the identification and tracking of children for immunization purposes;

"(2) identify appropriate mechanisms for collecting, updating, maintaining and accessing data concerning the immunization of children;

"(3) implement procedures under which vaccine providers will have access to the current immunization records of their patients;

"(4) carry out any other activities determined appropriate by the Secretary.

"(d) REPORTING REQUIREMENTS AND NATIONAL COORDINATION.—Each State or entity that receives a grant under this section shall prepare and submit to the Secretary annual reports concerning the activities undertaken with amounts provided under this section. The Secretary shall utilize such reports to develop a nationwide, computerized registry containing immunization information concerning children throughout the United States. In developing such system, the Secretary shall establish procedures—

"(1) to collect information, through coordination with existing data gathering methods utilized by the Centers for Disease Control, from health care providers and State entities concerning the immunization status of individuals;

"(2) to enable health care providers to access information concerning their patients' immunization status; and

"(3) for tracking the immunization status of children.

"(e) COORDINATION WITH OTHER PROGRAMS.—The Secretary, and each State or entity that receives a grant under this section, shall coordinate the activities under such grant with activities carried out under section 2108.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to award grants under subsection (a), $12,000,000 for fiscal year 1993.

"(g) REPORT.—The Secretary shall annually prepare and submit to the appropriate committees of Congress, a report concerning the results of the implementation of various Statewide immunization tracking systems established under this section until such time as a nationwide system is fully implemented.".

SEC. ____17. VACCINE PURCHASE AND DISTRIBUTION DEMONSTRATION PROGRAMS.

(a) PUBLIC HEALTH SERVICE ACT.—Subtitle 1 of title XXI of the Public Health Service Act (42 U.S.C. 300aa-1 et seq.) is amended by inserting after section 2109 (as added by section _____16(b)) the following new section:

"SEC. 2110. PRIVATE PROVIDER VACCINE PURCHASE DEMONSTRATION PROGRAM

"(a) ESTABLISHMENT.—The Secretary shall establish a demonstration program under which grants will be awarded to eligible States to enable such States to purchase vaccines for distribution to and use by private health care providers.

"(b) ELIGIBLE STATES.—To be eligible to receive a grant under this section a State shall prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require.

"(c) MAINTENANCE OF SUPPORT.—The Secretary may not award a grant under this section to a State unless the State agrees to maintain the expenditures of the State for activities of the type described in subsection (d), at a level equal to not less than the level of such expenditures maintained by the State for the fiscal year preceding the fiscal year for which the State is applying to receive the grant.

"(d) USE OF AMOUNTS.—

"(1) IN GENERAL.—A State shall use amounts received under a grant awarded under this section to purchase vaccines (in addition to those vaccines that such State would otherwise purchase), and distribute such vaccines at no cost to private health care providers for the immunization of children.

"(2) REQUIREMENTS OF PROVIDERS.—A private health care provider that receives vaccines purchased by the State under this section shall—

"(A) administer such vaccines to patients without assessing such patients for the cost of such vaccines;

"(B) with respect to any assessments made for the costs of administering such vaccines to patients—

"(i) prominently display information that indicates that no individual will be denied a vaccine made available under this section because of the inability of such individual to pay for the costs associated with the administration of such vaccine by the provider; and

"(ii) base such assessments on the ability of the patients to pay, consistent with applicable State requirements;

"(C) provide the State with information concerning the number of individuals treated with such vaccines; and

"(D) carry out any other activity determined appropriate by the State.

"(3) REPORTS.—A State that receives a grant under this section shall annually prepare and submit to the Secretary a report describing the findings of the State with respect to any decrease, during the period for which the report is prepared, in the number of individuals referred by private health care providers to public providers for immunization purposes.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $5,000,000 for fiscal year 1993.

"(f) REPORT.—Not later than September 30, 1995, the Secretary shall prepare and submit to the appropriate committees of Congress a report concerning the demonstration program established under this section. Such report shall include an assessment of whether the number of individuals referred by private health care providers to public providers for immunization purposes decreased in States awarded grants under this section during grant years.".

(b) SOCIAL SECURITY ACT.—Title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) is amended by adding at the end thereof the following new section:

"PRIVATE PROVIDER VACCINE PURCHASE DEMONSTRATION PROGRAM

"SEC. 1931. (a) ESTABLISHMENT.—The Secretary shall establish a demonstration program under which grants will be awarded to eligible States to enable such States to purchase vaccines for distribution to and use by private health care providers and to provide such providers with increased reimbursements for immunization services provided under this title.

"(b) ELIGIBLE STATES.—To be eligible to receive a grant under this section a State shall prepare and submit to the Secretary an application, at such time, in such manner, and containing such information as the Secretary may require.

"(c) MAINTENANCE OF SUPPORT.—The Secretary may not award a grant under this section to a State unless the State agrees to maintain the expenditures of the State for activities of the type described in subsection (d), at a level equal to not less than the level of such expenditures maintained by the State for the fiscal year preceding the fiscal year for which the State is applying to receive the grant.

"(d) USE OF AMOUNTS.—

"(1) IN GENERAL.—A State shall use amounts received under a grant awarded under this section to—

"(A) purchase vaccines (in addition to those vaccines that such State would otherwise purchase), and distribute such vaccines at no cost to private health care providers, on a use and replacement basis, for the immunization of children who are eligible for medical care under this title; and

"(B) provide increased reimbursements under this title to private health care providers with respect to immunization services for which reimbursement is provided under this title.

"(2) REQUIREMENTS OF PROVIDERS.—A private health care provider that receives vaccines purchased by the State under this section shall—

"(A) provide the State with information concerning the number of individuals treated with such vaccines; and

"(B) carry out any other activity determined appropriate by the State.

"(3) REPORTS.—A State that receives a grant under this section shall annually prepare and submit to the Secretary a report describing the findings of the State with respect to—

"(A) any decrease, during the period for which the report is prepared, in the number of individuals referred by private health care providers to public providers for immunization purposes;

"(B) any increase in the number of individuals immunized under this title; and

"(C) any savings achieved by the State in the expenses of such State under this title.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $5,000,000 for fiscal year 1993.

"(f) REPORT.—Not later than September 30, 1995, the Secretary shall prepare and submit to the appropriate committees of Congress a report concerning the demonstration program established under this section. Such report shall include an assessment of—

"(1) whether the number of individuals referred by private health care providers to public providers for immunization purposes decreased in States awarded grants under this section during grant years; and

"(2) the potential savings under this title with respect to immunized children.".

SEC. _____18. NATIONAL FUND FOR DISEASE OUTBREAK CONTROL.

Section 317(j) of the Public Health Service Act (42 U.S.C. 247b(j)) is amended—

(1) in paragraph (1)(A), by inserting "as provided in paragraph (3), and except" after "Except"; and

(2) by adding at the end thereof the following new paragraph:

"(3)(A) There are authorized to be appropriated $20,000,000 for fiscal year 1993 to be deposited in the National Fund for Disease Outbreak Control established under subparagraph (B).

"(B) The Secretary shall establish and administer a National Fund for Disease Outbreak Control. Such Fund shall be used by the Secretary to provide additional resources to enable the Centers for Disease Control to control the outbreaks of diseases requiring additional vaccine purchases.

"(C) Upon the determination by the Secretary that an unanticipated disease outbreak of the type described in subparagraph (B) occurs, the Secretary shall utilize the Fund established under such subparagraph to provide the Centers for Disease Control with the resources necessary to control the spread of such disease through the implementation of necessary preventive measures, including the reimmunization of children in disease-affected areas who have not yet received the recommended second-dose immunization against the disease.

"(D) Amounts appropriated under this paragraph shall remain available without fiscal year limitation.".

SEC. _____19. SUPPORT FOR SPECIAL VACCINE RESEARCH.

Section 2102(a) of the Public Health Service Act (42 U.S.C. 300aa-2(a)) is amended by adding at the end thereof the following new paragraph:

"(10) SPECIAL RESEARCH.—The Director of the Program shall enable such agencies to carry out special research with respect to—

"(A) the development of vaccines that are safe and effective in younger infants and newborns;

"(B) the development of vaccine combinations to decrease the number of injections and required vaccine provider visits; and

"(C) the development of new vaccines, including vaccines for chicken pox and rotovirus strains common throughout the United States.".

SEC. _____20. CENTERS FOR DISEASE CONTROL PROGRAM GUIDANCE.

The Centers for Disease Control shall develop a program guidance for all entities receiving a grant under this Act (or the amendments made by this Act), or any other childhood immunization grant under the Public Health Service Act, that shall require, as a condition of receiving such grants, that such grantees describe in detail the objectives, and plans for achieving such objectives, of such grantees and the specific activities to be undertaken by such grantees to reach out to high-risk populations for immunization purposes. Such program guidance shall also require such grantees to submit end-of-year reports to the Director of the Centers for Disease Control describing the success of such grantees in achieving such objectives and in carrying out such plans.

SEC. _____21. REPORT.

Not later than 6 months after the date of enactment of this Act, and annually thereafter, the Secretary of Health and Human Services shall prepare and submit to the appropriate committees of Congress a report concerning the immunization status of preschool and school-aged children nationwide. Such repcrt shall contain a description of the major impediments to the attainment of desired levels of immunization and recommendations for necessary programmatic, policy and legislative changes.

Subtitle B—State Technology Extension Programs

SEC. ____31. STATE TECHNOLOGY EXTENSION PROGRAMS.

(a) ESTABLISHMENT.—Section 26(a) of the Act of March 3, 1901 (15 U.S.C. 278l(a)), is amended—

(1) by inserting immediately after "(a)" the following new sentence: "There is established within the Institute a State Technology Extension Program."; and

(2) by inserting "through that Program" immediately after "technical assistance".

(b) AUTHORITIES.—Section 26 of the Act of March 3, 1901 (15 U.S.C. 2781) is amended by adding at the end the following new subsection:

"(c)(1) In addition to the general authorities listed in subsection (b) of this section, the State Technology Extension Program also shall, through merit-based competitive review processes and as authorizations and appropriations permit—

"(A) make awards to State and conduct workshops, pursuant to section 5121(b) of the Omnibus Trade and Competitiveness Act of 1988, in order to help States improve their planning and coordination of technology extension activities;

"(B) support industrial modernization demonstration projects to help States create networks among small manufacturers for the purpose of facilitating technical assistance, group services, and improved productivity and competitiveness;

"(C) support State efforts to develop and test innovative ways to capabilities, including innovative methods for transferring Federal technology, for encouraging business networks and shared facilities among small manufacturers, for expanding the skill of the workforce, for identifying new manufacturing opportunities between small and large firms, and for working with the States and, as appropriate, private information companies, to provide small and medium-sized firms with assess to data bases and technical experts;

"(D) support cooperative research and technology assistance projects between the Institute and the States, particularly projects, funded on a matching basis, to help firms within the State to improve their manufacturing and process technologies, including manufacturing education institutes;

"(E) as appropriate, promote the creation of industry-led State quality laboratories or institutes.

"(2) Each application for financial assistance under this subsection shall demonstrate a commitment to derive at least 50 percent of the resources necessary to defray the total cost of the program from non-Federal Government sources, unless the Secretary, acting through the Director, determines that a State government lacks the required resources due to chronic financial difficulties.".

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to such sums as may be authorized to be appropriated by any other Act, there are authorized to be appropriated $110,000,000 for fiscal year 1993 to carry out the provisions of section 26 the Act of March 3, 1901 (15 U.S.C. 2781).

Subtitle C—Assistance to Unemployed and Youth

SEC. ____41. JOB CORPS.

In addition to such sums as may be authorized to be appropriated by any other Act, there are authorized to be appropriated $236,000,000 for fiscal year 1993 to carry out the provisions of part B of title IV of the Job Training Partnership Act (relating to the Job Corps) (29 U.S.C. 1691 et seq.).

SEC. ____42. HOPE FOR YOUTH: YOUTHBUILD.

Title IV of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437aaa note et seq.) is amended by adding at the end the following new subtitle:

"Subtitle D—HOPE for Youth: Youthbuild

"SEC. 451. STATEMENT OF PURPOSE.

"It is the purpose of this subtitle—

"(1) to expand the supply of permanent affordable housing for homeless individuals and members of low- and very low-income families by harnessing the energies and talents of economically disadvantaged young adults;

"(2) to provide economically disadvantaged young adults with opportunities for meaningful work and service to their communities in helping to meet the housing needs of homeless individuals and members of low- and very low-income families;

"(3) to enable economically disadvantaged young adults to obtain the education and employment skills necessary to achieve economic self-sufficiency; and

"(4) to foster the development of leadership skills and commitment to community development among young adults in low-income communities.

"SEC. 452. PROGRAM AUTHORITY.

"The Secretary is authorized to make—

"(1) planning grants to enable applicants to develop Youthbuild programs; and

"(2) implementation grants to enable applicants to carry out Youthbuild programs.

"SEC. 453. PLANNING GRANTS.

"(a) GRANTS.—The Secretary is authorized to make planning grants to applicants for the purpose of developing Youthbuild programs under this subtitle. The amount of a planning grant under this section may not exceed $150,000, except that the Secretary may for good cause approve a grant in a higher amount.

"(b) ELIGIBLE ACTIVITIES.—Planning grants may be used for activities to develop Youthbuild programs including—

"(1) studies of the feasibility of a Youthbuild program;

"(2) establishment of consortia between youth training and education programs and housing owners or developers, including any organizations specified in section 457(2), which will participate in the Youthbuild program;

"(3) identification and selection of a site for the Youthbuild program;

"(4) preliminary architectural and engineering work for the Youthbuild program;

"(5) identification and training of staff for the Youthbuild program;

"(6) planning for education, job training, and other services that will be provided as part of the Youthbuild program;

"(7) other planning, training, or technical assistance necessary in advance of commencing the Youthbuild program; and

"(8) preparation of an application for an implementation grant under this subtitle.

"(c) APPLICATION.—

"(1) FORM AND PROCEDURES.—An application for a planning grant shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

"(2) MINIMUM REQUIREMENTS.—The Secretary shall require that an application contain at a minimum—

"(A) a request for a planning grant, specifying the activities proposed to be carried out, the schedule for completing the activities, the personnel necessary to complete the activities, and the amount of the grant requested;

"(B) a description of the applicant and a statement of its qualifications, including a description of the applicant's past experience with housing rehabilitation or construction and with youth and youth education and employment training programs, and its relationship with local unions and apprenticeship programs, and other community groups;

"(C) identification and description of potential sites for the program and the construction or rehabilitation activities that would be undertaken at such sites; potential methods for identifying and recruiting youth participants; potential educational and job training activities, work opportunities and other services for participants; and potential coordination with other Federal, State, and local housing and youth education and employment training activities including activities conducted by Indian tribes;

"(D) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the State or unit of general local government within which the project is located; and

"(E) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing.

"(d) SELECTION CRITERIA.—The Secretary shall, by regulation, establish selection criteria for a national competition for assistance under this section, which shall include—

"(1) the qualifications or potential capabilities of the applicant;

"(2) the potential of the applicant for developing a successful Youthbuild program;

"(3) the need for the prospective program, as determined by the degree of economic distress—

"(A) of the community from which participants would be recruited (such as poverty, youth unemployment, and number of individuals who have dropped out of high school); and

"(B) of the community in which the housing proposed to be constructed or rehabilitated would be located (such as incidence of homelessness, shortage of affordable housing, and poverty); and

"(4) such other factors that the Secretary shall require that (in the determination of the Secretary) are appropriate for purposes of carrying out the program established by this subtitle in an effective and efficient manner.

"SEC. 454. IMPLEMENTATION GRANTS.

"(a) GRANTS.—The Secretary is authorized to make implementation grants to applicants for the purpose of carrying out Youthbuild programs approved under this subtitle.

"(b) ELIGIBLE ACTIVITIES.—Implementation grants may be used to carry out Youthbuild programs, including—

"(1) architectural and engineering work;

"(2) acquisition, rehabilitation, acquisition and rehabilitation, or construction of housing and related facilities to be used for the purposes of providing homeownership under subtitle B and subtitle C of this title; residential housing for homeless individuals, and low- and very low-income families; or transitional housing for persons who are homeless, have disabilities, are ill, are deinstitutionalized, or have other special needs;

"(3) administrative costs of the applicant, which may not exceed 15 percent of the amount of assistance provided under this section, or such higher percentage as the Secretary determines is necessary to support capacity development by a private nonprofit organization;

"(4) education and job training services and activities including—

"(A) work experience and skills training, coordinated, to the maximum extent feasible, with preapprenticeship and apprenticeship programs, in the construction and rehabilitation activities described in subsection (b)(2);

"(B) services and activities designed to meet the educational needs of participants, including—

"(i) basic skills instruction and remedial education;

"(ii) bilingual education for individuals with limited-English proficiency;

"(iii) secondary education services and activities designed to lead to the attainment of a high school diploma or its equivalent; and

"(iv) counseling and assistance in obtaining admission to and obtaining financial assistance for enrollment in institutions of higher learning;

"(C) counseling services and other activities designed to—

"(i) ensure that participants overcome personal problems that would interfere with successful participation; and

"(ii) develop a strong, mutually supportive peer context in which values, goals, cultural heritage, and life skills can be explored and strengthened;

"(D) opportunities to develop the decisionmaking, speaking, negotiating, and other leadership skills of participants, such as the establishment and operation of a youth council with meaningful decisionmaking authority over aspects of the program;

"(E) activities designed to maximize the value of the participants as future employees and to prepare participants for seeking, obtaining, and retaining unsubsidized employment; and

"(F) support services and need-based stipends necessary to enable individuals to participate in the program and, for a period not to exceed 12 months after completion of training, to assist participants through support services in retaining employment;

"(5) wage stipends and benefits provided to participants;

"(6) funding of operating expenses and replacement reserves of the property covered by the Youthbuild program;

"(7) legal fees; and

"(8) defraying costs for the ongoing training and technical assistance needs of the recipient that are related to developing and carrying out the Youthbuild program.

"(c) APPLICATION.—

"(1) FORM AND PROCEDURE.—An application for an implementation grant shall be submitted by an applicant in such form and in accordance with such procedures as the Secretary shall establish.

"(2) MINIMUM REQUIREMENTS.—The Secretary shall require that an application contain at a minimum—

"(A) a request for an implementation grant, specifying the amount of the grant requested and its proposed uses;

"(B) a description of the applicant and a statement of its qualifications, including a description of the applicant's past experience with housing rehabilitation or construction and with youth and youth education and employment training programs, and its relationship with local unions and apprenticeship programs, and other community groups;

"(C) a description of the proposed site for the program;

"(D) a description of the educational and job training activities, work opportunities, and other services that will be provided to participants;

"(E) a description of the proposed construction or rehabilitation activities to be undertaken and the anticipated schedule for carrying out such activities;

"(F) a description of the manner in which eligible youths will be recruited and selected, including a description of arrangements which will be made with community-based organizations, State and local educational agencies, including agencies of Indian tribes, public assistance agencies, the courts of jurisdiction for status and youth offenders, shelters for homeless individuals and other agencies that serve homeless youth, foster care agencies, and other appropriate public and private agencies;

"(G) a description of the special outreach efforts that will be undertaken to recruit eligible young women (including young women with dependent children);

"(H) a description of how the proposed program will be coordinated with other Federal, State, and local activities and activities conducted by Indian tribes, including vocational, adult and bilingual education programs, job training provided with funds available under the Job Training Partnership Act and the Family Support Act of 1988, and housing and community development programs, including programs that receive assistance under section 106 of the Housing and Community Development Act of 1974;

"(I) assurances that there will be a sufficient number of adequately trained supervisory personnel in the program who have attained the level of journeyman or its equivalent;

"(J) a description of the applicant's relationship with local building trade unions regarding their involvement in training, and the relationship of the Youthbuild program with established apprenticeship programs;

"(K) a description of activities that will be undertaken to develop the leadership skills of participants;

"(L) a detailed budget and a description of the system of fiscal controls and auditing and accountability procedures that will be used to ensure fiscal soundness;

"(M) a description of the commitments for any additional resources to be made available to the program from the applicant, from recipients of other Federal, State or local housing and community development assistance who will sponsor any part of the construction, rehabilitation, operation and maintenance, or other housing and community development activities undertaken as part of the program, or from other Federal, State or local activities and activities conducted by Indian tribes, including, but not limited to, vocational, adult and bilingual education programs, and job training provided with funds available under the Job Training Partnership Act and the Family Support Act of 1988;

"(N) identification and description of the financing proposed for any—

"(i) rehabilitation;

"(ii) acquisition of the property; or

"(iii) construction;

"(O) identification and description of the entity that will operate and manage the property;

"(P) a certification by the public official responsible for submitting the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act that the proposed activities are consistent with the approved housing strategy of the State or unit of general local government within which the project is located; and

"(Q) a certification that the applicant will comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing.

"(d) SELECTION CRITERIA.—The Secretary shall establish selection criteria for assistance under this section, which shall include—

"(1) the qualifications or potential capabilities of the applicant;

"(2) the feasibility of the Youthbuild program;

"(3) the potential for developing a successful Youthbuild program;

"(4) the need for the prospective project, as determined by the degree of economic distress of the community from which participants would be recruited (such as poverty, youth unemployment, number of individuals who have dropped out of high school) and of the community in which the housing proposed to be constructed or rehabilitated would be located (such as incidence of homelessness, shortage of affordable housing, poverty);

"(5) the apparent commitment of the applicant to leadership development, education, and training of participants;

"(6) the inclusion of previously homeless tenants in the housing provided;

"(7) the commitment of other resources to the program by the applicant and by recipients of other Federal, State or local housing and community development assistance who will sponsor any part of the construction, rehabilitation, operation and maintenance, or other housing and community development activities undertaken as part of the program, or by other Federal, State or local activities and activities conducted by Indian tribes, including, but not limited to, vocational, adult and bilingual education programs, and job training provided with funds available under the Job Training Partnership Act and the Family Support Act of 1988; and

"(8) such other factors as the Secretary determines to be appropriate for purposes of carrying out the program established by this subtitle in an effective and efficient manner.

"(e) PRIORITY FOR APPLICANTS WHO OBTAIN HOUSING MONEY FROM OTHER SOURCES.—The Secretary shall give priority in the award of grants under this section to applicants to the extent that they propose to finance activities described in paragraphs (1), (2), and (6) of subsection (b) from funds provided from Federal, State, local, or private sources other than assistance under this subtitle.

"(f) APPROVAL.—The Secretary shall notify each applicant, not later than 4 months after the date of the submission of the application, whether the application is approved or not approved.

"(g) COMBINED PLANNING AND IMPLEMENTATION GRANT APPLICATION PROCEDURE.—The Secretary shall develop a procedure whereby an applicant may apply at the same time and in a single application for a planning grant and an implementation grant, with receipt of the implementation grant conditioned on successful completion of the activities funded by the planning grant.

"SEC. 455. YOUTHBUILD PROGRAM REQUIREMENTS.

"(a) RESIDENTIAL RENTAL HOUSING.—Each residential rental housing project receiving

assistance under this subtitle shall meet the following requirements:

"(1) OCCUPANCY BY LOW- AND VERY LOW-INCOME FAMILIES.—In the project—

"(A) at least 90 percent of the units shall be occupied, or available for occupancy, by individuals and families with incomes less than 60 percent of the area median income, adjusted for family size; and

"(B) the remaining units shall be occupied, or available for occupancy, by low-income families;

"(2) TENANT PROTECTIONS.—

"(A) LEASE.—The lease between a tenant and an owner of residential rental housing assisted under this subtitle shall be for not less than 1 year, unless by mutual agreement between the tenant and the owner, and shall contain such terms and conditions as the Secretary shall determine to be appropriate.

"(B) TERMINATION OF TENANCY.—An owner shall not terminate the tenancy or refuse to renew the lease of a tenant of residential rental housing assisted under this title except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law, or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by the owner's service upon the tenant of a written notice specifying the grounds for the action.

"(C) MAINTENANCE AND REPLACEMENT.—The owner of residential rental housing assisted under this subtitle shall maintain the premises in compliance with all applicable housing quality standards and local code requirements.

"(D) TENANT SELECTION.—The owner of residential rental housing assisted under this subtitle shall adopt written tenant selection policies and criteria that—

"(i) are consistent with the purpose of providing housing for homeless individuals and members of very low-income and low-income families;

"(ii) are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;

"(iii) give reasonable consideration to the housing needs of families that would have a preference under section 6(c)(4)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437d(c)(4)(A)); and

"(iv) provide for the maintenance of a written waiting list in the chronological order of application, and give all applicants due consideration in appropriate sequence, notifying applicants promptly of the results of their applications.

"(3) LIMITATION ON RENTAL PAYMENTS.—Tenants in each project shall not be required to pay rent in excess of that in accordance with section 3(a) of the Housing Act of 1937.

"(4) TENANT PARTICIPATION PLAN.—For each project owned by a nonprofit organization, the organization shall provide a plan for and follow a program of tenant participation in management decisions.

"(b) TRANSITIONAL HOUSING.—Each transitional housing project receiving assistance under this subtitle shall adhere to the requirements regarding service delivery, housing standards, and rent limitations imposed on comparable housing receiving assistance under title IV of the Stewart B. McKinney Homeless Assistance Act.

"(c) LIMITATIONS ON PROFITS FOR RENTAL AND TRANSITIONAL HOUSING.—

"(1) MONTHLY RENTAL LIMITATION.—Aggregate monthly rental for each eligible project may not exceed the operating costs of the project (including debt service, management, adequate reserves, and other operating costs) plus a 6 percent return on the equity investment, if any, of the project owner.

"(2) PROFIT LIMITATIONS ON PARTNERS.—A nonprofit organization that receives assistance under this subtitle for a project shall agree to use any profit received from the operation, sale, or other disposition of the project for the purpose of providing housing for low- and moderate-income families. Profit-motivated partners in a nonprofit partnership may receive—

"(A) not more than a 6 percent return on their equity investment from project operations; and

"(B) upon disposition of the project, not more than an amount equal to their initial equity investment plus a return on that investment equal to the increase in the Consumer Price Index for the geographic location of the project since the time of the initial investment of such partner in the project.

"(d) HOMEOWNERSHIP.—Each homeownership project that receives assistance under this subtitle shall comply with the requirements of either subtitle B or subtitle C of this title.

"(e) RESTRICTIONS ON CONVEYANCE.—The ownership interest in a project that receives assistance under this subtitle may not be conveyed unless the instrument of conveyance requires a subsequent owner to comply with the same restrictions imposed upon the original owner.

"(f) CONVERSION OF TRANSITIONAL HOUSING.—The Secretary may waive the requirements of subsection (b) to permit the conversion of a transitional housing project to a permanent housing project only if such housing would meet the requirements for residential rental housing specified in this section.

"(g) PERIOD OF RESTRICTIONS.—A project that receives assistance under this subtitle shall comply with the requirements of this section for the remaining useful life of the property.

"SEC. 456. ADDITIONAL PROGRAM REQUIREMENTS.

"(a) ELIGIBLE PARTICIPANTS.—

"(1) not less than $3,000,000 is authorized in fiscal year 1993 in the form of grants to institutions of higher education, either directly or through areawide planning organizations or States, for the purpose of providing assistance to economically disadvantaged and minority students who participate in community development work study programs and are enrolled in full-time graduate or undergraduate programs in community and economic development, community planning, or community management,

"(2) not less than $6,500,000 is authorized for fiscal year 1993 in the form of grants to historically black colleges, and

"(3) not less than $7,000,000 is authorized for fiscal year 1993 for grants in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.".

Subtitle D—Antitrust

SEC. ____44. APPLICATION OF ANTITRUST LAWS.

Nothing in this Act shall be construed to create any immunity to any civil or criminal action under any Federal or State antitrust law, or to alter or restrict in any manner the applicability of any Federal or State antitrust law.

This section shall become effective upon enactment of this Act.

KASTEN (AND OTHERS) AMENDMENT NO. 2712

Mr. KASTEN (for himself, Mr. LEAHY, Mr. BYRD, Mr. BOREN, Mr. DOMENICI, Mr. NICKLES, and Mr. BOND) proposed an amendment to the bill (S. 2532), supra, as follows:

On page 52, after line 13, insert the following new section:

SEC. 21. LIMITATION ON PROCUREMENT OF GOODS AND SERVICES OUTSIDE THE UNITED STATES.

(a) IN GENERAL.—Section 604 of the Foreign Assistance Act of 1961 (22 U.S.C. 2354) is amended to read as follows:

"SEC. 604. PROCUREMENT.—(a) It shall be the policy of the United States that, in the procurement of goods and services under this Act, the agency primarily responsible for administering part I of this Act shall give preference, except in the limited circumstances described in this section and section 636, to the procurement of goods which are produced, grown, or manufactured in the United States and of services which are provided by United States firms.

"(b) Funds made available under this Act may be used for procurement outside the United States only if—

"(1) the President determines that such procurement—

"(A) will not result in adverse effects upon American industries that have a competitive capability in international markets, and

"(B) will not otherwise adversely affect the economy of the United States, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world,

which adverse effects would outweigh the economic or other advantages to the United States of less costly procurement outside the United States; and

"(2) only if the price of any commodity procured in bulk is 50 percent or more lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

"(c) No funds made available under this Act may be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

"(d) In providing for the procurement of any agricultural commodity or product available for disposition under the Agricultural Trade Development and Assistance Act of 1954 for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such agricultural commodity only within the United States except to the extent that such agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

"(e)(1) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II.

"(2) In the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities which are purchased with funds provided under this Act and which are destined

for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

"(f) No funds made available under this Act may be used for the procurement of any agricultural commodity or product thereof outside the United States when the domestic price of such commodity is less than parity, unless the commodity to be financed could not reasonably be produced in the United States in fulfillment of the objectives of a particular assistance program under which such commodity procurement is to be financed.

"(g) No funds made available to carry out part I of this Act may be used under any commodity import program, or in connection with any cash transfer or similar program (except where such program or transfer is specifically provided for by law) to make any payment to a supplier unless—

"(1) the supplier has certified to the agency primarily responsible for administering such part I such information as such agency shall be regulation prescribe, including but not limited to, a description of the commodity supplied by the supplier, its condition, and its source and origin; and

"(2) on the basis of such information, such agency shall have approved such commodity as eligible and suitable for financing under this Act.

"(h) (1) None of the funds authorized to be appropriated or made available for obligation or expenditure under this Act may be made available for the procurement of construction or engineering services from advanced developing countries, eligible under the Geographic Code 941, which have attained a competitive capability in international markets for construction services or engineering services.

(2) Paragraph (1) does not apply with respect to an advanced developing country which—

"(A) is receiving direct economic assistance under chapter 1 of part I or chapter 4 of part II of this Act, and

"(B) if the country has its own foreign assistance programs which finance the procurement of construction or engineering services, permits United States firms to compete for those services.

"(i) The requirements of this section do not apply to the procurement of goods or services in connection with the provision of assistance under chapter 9 of part I of the Foreign Assistance Act of 1961 (relating to international disaster assistance).

"(j)(1)(A) The Administrator, Deputy Administrator, any Associate Administrator, or any Assistant Administrator of the agency primarily reponsible for administering part I of this Act may, in order to authorize procurement from advanced developing countries or countries included under Geographic Code 935, waive the provisions of this section only with respect to specific procurement transactions and only if such person determines that to do so is vital to furnish assistance as effectively and expeditiously as possible.

"(B) The waiver authority conferred by subparagraph (A) may not be delegated to any officer or employee not specified in that subparagraph.

"(2)(A) The Administrator of such agency shall submit a quarterly report to the appropriate congressional committees setting forth any waivers made during the preceding calender quarter under this subsection and subsection (i), together with the reasons therefor.

"(B) As used in this paragraph, the term 'appropriate congressional committees' means the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.

"(3) The exemption provided by this subsection shall not be construed to apply to the Comprehensive Anti-Apartheid Act of 1986.

"(k) The provisions of this section shall not be superseded except by a provision of law which specifically repeals, modifies, or supersedes the provisions of this section.".

(b) PROCUREMENT OF MOTOR VEHICLES.—Section 636(i) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(i)(1) Notwithstanding any other provision of law, none of the funds made available to carry out this Act shall be used to finance the purchase, sale, long-term lease, exchange, or guaranty of a sale of motor vehicles unless such motor vehicles are manufactured in the United States.

"(2) Paragraph (1) shall not apply—

"(A) in cases of emergency where motor vehicles cannot be manufactured in the United States to meet demands when time is of the essence; or

"(B) where the total number of motor vehicles sought to be used in a foreign country by the agency primarily responsible for administering part I of this Act is six or fewer or, in excess of that number, if the Administrator, Deputy Administrator, any Associate Administrator or any Assistant Administrator of such agency determines that to do so is necessary for the effective administration of the agency's programs. The authority of this subparagraph may not be delegated to any other officer or employee of that agency.

"(3) Nothing in this Act may be construed as approval of any decision to not purchase a motor vehicle manufactured in the United States when such purchase is feasible and consistent with the purposes of the assistance being provided.".

(c) REPEAL.—Section 496(b)(4)) of the Foreign Assistance Act of 1961 (22 U.S.C. 2293(n)(4)) is hereby repealed.

(d) BUY-AMERICA ADVOCATE.—Part III of the Foreign Assistance Act of 1961 is amended by inserting after section 604 the following new section:

SEC. 604A. BUY-AMERICA ADVOCATE.—(a) The Administrator shall establish within the agency an Office of the Buy-America Advocate for the purpose of maximizing the participation of United States businesses in the development process by ensuring that the agency adheres to 'Buy America' precepts in all its procurement activities.

"(b) The Office shall be headed by a Buy-America Advocate who shall be appointed by the Administrator from among career Senior Foreign Service officers having extensive experience in export transactions, commodity import programs, and privatization. The Advocate shall be directly responsible to the Administrator.

"(c) The Buy-America Advocate shall—

"(1) have access to and the authority to review all documentation involving procurement activities of the agency;

"(2) review all programs involving cash transfers to determine whether a commodity import program will accomplish the same policy objectives as the cash transfer; any disagreement with a determination by the Buy-America Advocate that the same policy objectives can be accomplished by a commodity import program shall be resolved by the Administrator;

"(3) have full and unimpeded access to all information provided under the Buy-American reporting system (BARS), or any successor system to BARS;

"(4) have full and unimpeded access to technical services and information involving procurement activities, particularly the procurement of commodities and the entering into contracts;

"(5) receive and review all justifications for any procurement of non-United States commodities and services, including those funded by the Development Fund for Africa and, based on that review, shall, on a case-by-case or class-of-procurement basis, recommend to the Administrator any corrective actions that are necessary to ensure that Buy-America procurement opportunities are maximized;

"(6) coordinate its efforts with agency officials who perform duties in the area of trade and investment promotion and information; and

"(7) be accessible to the United States business community, ensuring that the community is fully aware of opportunities for exports, investments, and joint ventures in developing countries.

"(d) Beginning 6 months after the date of enactment of this section, and every 12 months thereafter, the Administrator shall submit to the Congress a report prepared by the Advocate which—

"(1) details procurement by the agency of United States commodities and services during the preceding reporting period;

"(2) compares Buy-America procurement for the same period of the preceding year;

"(3) contains data for all agency activities that accurately reflects the percentages of commodities and services financed by the agency that are of United States sources or origin;

"(4) analyzes mission or bureau programs to identify shortfalls in performance in meeting Buy-America requirements contained in law and regulations; and

"(5) identifies remedial action to overcome such shortfalls.

"(e)(1) The agency shall assign to the Office such staff as may be necessary to carry out this section, including individuals who are expert in contracts and statistical analysis.

"(2) In addition, the agency shall provide the staff with all automation support requirements, including access to all relevant procurement- and financial management-related systems, databases, and files.

"(f) As used in this section—

"(1) the term 'Administrator' means the Administrator of the agency; and

"(2) the term 'agency' means the agency primarily responsible for administering part I of this Act.".

WALLOP (AND OTHERS) AMENDMENT NO. 2713

Mr. WALLOP (for himself, Mr. DOMENICI, Mr. SIMPSON, Mr. JOHNSTON, Mr. PRESSLER, and Mr. NUNN) proposed an amendment to the bill (S. 2532), supra, as follows:

On page 30, insert after section 7, the following new section and renumber subsequent sections accordingly:

(a) IN GENERAL.—The President, in consultation with the Secretary of Energy, the Secretary of State and the Chairman of the Nuclear Regulatory Commission, shall designate an agency of the Executive Branch to develop and implement a limited, phased program to enhance the near-term safety of

Soviet-designed nuclear power plants. Funds authorized to be appropriated by this Act may be used for this program. The program established in this section shall be integrated with similar efforts undertaken in cooperation with other industralized countries and international organizations, including the International Atomic Energy Agency. In implementing the program, the Secretary of Energy shall utilize United States industry expertise where appropriate.

(b) PROGRAM PRIORITIES.—In implementing any program under the authority of this section, the Secretary shall establish priorities for the implementation of safety upgrades based on the greatest incremental increase in reactor safety relative to the amount of funds expended.

(c) SAFETY UPGRADES.—Safety upgrades shall be consistent with the provisions of subsection (a) and may include, but are not limited to, plant improvements and modifications to reduce risk, training to personnel, and development and implementation of an effective independent regulatory organization.

(d) FUNDING.—The President is encouraged to establish an interagency group including the Department of the Treasury, the Department of Commerce, the Department of Energy and the Export-Import Bank, to coordinate United States and multilateral funding and financing mechanisms for the program established by this section.

(e) RECOMMENDATION.—The Secretary of State shall provide Congress with appropriate recommendations for revisions to United States export and trade statutes to expedite implementation of the program established in this section and related programs.

GRAHAM (AND OTHERS) AMENDMENT NO. 2714

Mr. GRAHAM (for himself, Mr. BIDEN, Mr. LIEBERMAN, Mr. WIRTH, and Mr. BRADLEY) proposed an amendment to the bill (S. 2532), supra, as follows:

On page 35, insert after line 19 the following new section and renumber the subsequent sections accordingly:

"NUCLEAR SAFETY ASSISTANCE PROGRAM

"SEC. 9. In addition to the program authorized in section 8, the Secretary of State, in consultation with the Secretary of Energy and the Nuclear Regulatory Commission, is authorized and encouraged to develop a program to provide for participation by the United States in international efforts including—

"(a) Implementing short-term measures to improve nuclear power plant operational safety, including the training of power plant personnel, implementation of improved procedures for nuclear power plant operation, the development of effective and independent regulatory authorities, and cost-effective hardware upgrades;

"(b) Developing and providing recommendations, in consultation with the affected states, for medium-term measures to assist in the development of comprehensive and market-based programs for cost-efficient supplies of electricity, including programs to improve the planning of energy supply and demand, to increase the efficiency of existing and future energy supplies and uses, to improve the management of demand, to develop market-based energy pricing, and to identify energy alternatives that will increase to shut down the nuclear power plants for which safety improvements would not be cost-effective beyond the short-term; and

"(c) Developing and providing recommendations, in consultation with the affected states, for long-term measures for the development of safe and cost-effective supplies of electricity.".

DOMENICI (AND OTHERS) AMENDMENT NO. 2715

Mr. DOMENICI (for himself, Mr. DOLE, and Mr. KASTEN) proposed an amendment to the bill (S. 2532), supra, as follows:

SEC. . AMERICAN CENTERS TO SUPPORT PEACEFUL TRANSITIONS LEADING TO FREE MARKET ECONOMIES AND DEMOCRATIC VALUES IN RUSSIA, THE UKRAINE, BELARUS, GEORGIA, ARMENIA, AND OTHER NEW INDEPENDENT STATES.

In order to demonstrate an American commitment to support the peoples of Russia, the Ukraine, Belarus, Georgia, Armenia, and other new independent States, the President should establish American Centers to promote commerical, professional, civic, and other partnerships between the people of the United States and the peoples of new independent states for the purposes of:

(1) establishing a liaison to facilitate exchanges between the peoples of the republics of the former Soviet Union and American business entities, state and local governments, and professional and civic institutions in the United States;

(2) providing a repository for commerical, legal, and technical (including environmental and export control) information;

(3) identifying existing or potential counterpart businesses or organizations that may require specific technical coordination or assistance; and

(4) helping to establish the legal and regulatory framework and infrastructure that is a critical prerequisite to the establishment of a market oriented economy and democratic institutions;

(5) such other objectives that the Center Directors and Coordinator may identify and have been approved by the Executive Board.

SEC. . EXECUTIVE BOARD AND DIRECTORS OF CENTERS.

(a) THE EXECUTIVE BOARD.—The President is authorized to appoint an Executive Board of no more than ten United States citizens to advise the President and to provide policy and technical direction to the American Centers. The Board Members should be chosen from individuals who have demonstrated leadership in business, professional, and civic organizations that engage in relevant international activities, in particular in the new independent States.

(b) DIRECTORS OF THE AMERICAN CENTERS.—Upon the appointment of an Executive Board as provided in Subsection (a), the President may designate, from a list of candidates submitted by the Executive Board upon his request, Directors of one or more American Centers to carry out the purposes of the Act. The Executive Board shall work as expeditiously as possible to respond to requests to establish additional American Centers in major cities of the Republics.

(c) POLICY COORDINATION OF AMERICAN CENTERS.—The President is encouraged to designate a coordinator to oversee, subject to the policy direction of the Secretary of State, activities conducted by the United States Government in connection with the American Centers and other activities authorized by the Freedom Support Act. The coordinator, the Deputy Secretary of State, and the Chairman of the Trade Promotion Coordinating Committee shall be ex officio members of the Executive Board.

(d) The Executive Board shall consult with and provide periodic reports to the President, the Secretary of State, and the appropriate committees of Congress.

(e) Nothing in this section shall be construed

(i) to make the Executive Board or any American Center an agency or establishment of the United States Government, or

(ii) to make any member of the Executive Board or director of an American Center officers of employees of the United States Government, for the purpose of title 5, United States Code or any law administered by the Office of Personnel Management. In addition, the provisions of the Federal Advisory Committee Act shall not apply to the Executive Board or any American Center.

SEC. . FUNDING FOR AMERICAN CENTERS AND FOR TECHNICAL SUPPORT FOR DEMOCRATIC GOVERNMENTS, PRIVATE INSTITUTIONS, AND PROFESSIONAL ORGANIZATIONS IN THE SOVIET REPUBLICS.

(a) AUTHORIZATION OF APPROPRIATIONS.—Of the amounts made available for assistance under the Freedom Support Act, not more than $5,000,000 for fiscal year 1993, and not more than $10,000,000 during any subsequent fiscal year shall be available for asssitance in accordance with this Act.

(b) TYPES OF ASSISTANCE AUTHORIZED.—Funds made available pursuant to this Act shall be used to establish and maintain the American Centers and to provide technical and related support assistance to any eligible recipients in the new independent States.

(c) ELIGIBLE RECIPIENTS.—As used in the Act, the term, "eligible recipient" means—

(1) the government of any republic, and any local government, within the new independent State (or any successor state) that was elected through open, free, and fair elections, and

(2) any nongovernmental organization that promotes democratic reforms, market oriented reforms, the rule of law (including the legal infrastructure prerequisite to the foregoing) or any other objctives of this Act.

(3) any governmental agencies that promote democratic reforms, market-oriented reforms, or the rule of law (except that no more than fifteen percentum of amount authorized in subsection (a) may be used for this category).

(d) RESTRICTIONS.—No cash grants may be made under this Act to any governmental agency or organization in the new independent States. Payments for rent or lease of office facilities for an American Center are to be made, to the extent practicable, from local currency provided for that purpose by the host government.

(e) Except to the extent inconsistent with this Act, technical assistance under this Act shall be considered to be assistance under part 1 of the Foreign Assistance Act for the purposes of making available the administrative authorities of that Act.

(f) The Centers are authorized to accept private contributions from United States citizens and organizations to be used pursuant to the provisions of this Act.

LUGAR (AND OTHERS) AMENDMENT NO. 2716

Mr. LUGAR (for himself, Mr. NUNN, Mr. WARNER, and Mr. PELL) proposed an amendment to the bill (S. 2532), supra, as follows:

At the appropriate place in section 8 of the bill, insert the following new section:

" . NUCLEAR SAFETY.

"The authority in this Act to establish programs for establishing verifiable safeguards against the proliferation of weapons may also be utilized, on the same basis, for programs for to promote nuclear reactor safety and to reduce the danger of nuclear accident.".

GLENN (AND SIMON) AMENDMENT NO. 2717

Mr. GLENN (for himself and Mr. SIMON) proposed an amendment to the bill (S. 2532), supra, as follows:

On page 29, line 8, after "(B)" insert the following: "any chemical or biological weapon or".

On page 29, strike lines 16 through 24 and insert in lieu thereof the following:

(5) has undertaken any of the activities with respect to which sanctions must be imposed under sections 669 or 670 of the Foreign Assistance Act of 1961 or section 506(a)(1) of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993; or

(6) has repeatedly provided support for acts of international terrorism.

The President may waive the application of the prohibition on assistance contained in this subsection—

(A) in the same manner as such waiver could be exercised under any other provision of law with respect to the same activity; or

(B) if no waiver authority under any other provision of law exists with respect to that activity, then only if the President certifies and justifies in writing to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate that to do so would serve the objectives of this Act.

On page 42, line 18, insert after "1990" the following: ", and section 5(b) of this Act".

DOLE AMENDMENT NO. 2718

Mr. LUGAR (for Mr. DOLE) proposed an amendment to the bill (S. 2532), supra, as follows:

On page 33, after line 18, insert the following:

"to improve the quality and availability of health care for citizens of the Independent States of the former Soviet Union, with particular emphasis on infants, children and people with disabilities. Up to $2,000,000 is authorized to be appropriated for the purposes of establishing programs that:

"support sister hospital expansion programs;

"promote program development for neonatal pilot projects and training of medical professionals; and

"promote greater institutional development".

KASTEN AMENDMENT NO. 2719

Mr. LUGAR (for Mr. KASTEN) proposed an amendment to the bill (S. 2532), supra, as follows:

Page 3, add the following new paragraphs to section 2:

Findings:

(5) serious environmental problems now exist within Russia and the other independent states of the former Soviet Union, including problems with depleted fisheries; heavily polluted rivers, lakes, and groundwater; contamination from both civilian and military nuclear programs; and degraded farmland and forests; but that not withstanding the extent of these environmental problems, many forests, rivers, lakes, and watersheds are relatively undisturbed and are of great scientific and educational value and furthermore the region includes the largest virgin forest remaining on the Earth; and

(6) aid to Russia and the independent states of the former Soviet Union be carried out in such a way that avoids the degradation of the relatively unpolluted and undamaged natural resources, that affirmatively promotes the protection of critical lakes, rivers, watersheds and that is not used to finance unsustainable exploitation of forests or large-scale engineering projects which have significant adverse environmental impacts.

Page 29, under (b) INELIGIBILITY FOR ASSISTANCE add the following new paragraph:

(6) has failed to take constructive actions to protect the international environment, prevent significant transborder pollution, and to promote sustainable use of natural resources.

Page 35, line 7, add the following new paragraph (F) under section 7, Types of Activities:

(F) to preserve relatively undamaged rivers, lakes, forests and other areas of special environmental significance.

CRANSTON AMENDMENT NO. 2720

Mr. LUGAR (for Mr. CRANSTON) proposed an amendment to the bill (S. 2532), supra, as follows:

Page 31, on line 10, insert after "programs", the following language, "for these Republics and the nations of Eastern Europe."

D'AMATO (AND OTHERS) AMENDMENT NO. 2721

Mr. D'AMATO (for himself, Mr. HELMS, Mr. PRESSLER, Mr. BROWN, and Mr. MACK) proposed an amendment to the bill (S. 2532), supra, as follows:

At the appropriate place, add the following:

Findings:

(1) the Bush administration has indicated its support in principle for the concept of providing appropriate assistance to Israel to help it meet the urgent humanitarian needs associated with the massive influx of immigrants from the former Soviet Union;

(2) the recent elections in Israel have generated renewed hope for productive discussions between the United States and Israel on the issue of providing such assistance; and

(3) in the aftermath of the formation of a new Israeli Government, the Bush administration should be given a reasonable period of time to explore and implement such discussions: Now, therefore, it is the sense of the Senate:

(1) the Bush administration should pursue renewed, good faith discussions with the Israeli Government on the provision of the aforesaid assistance, as soon as a new Israeli Government is formed and is fully functioning.

(2) while monitoring and encouraging such discussions, it is the intention of the United States Senate to take up and favorably act on legislation involving appropriate assistance to Israel to help it meet the needs generated by the influx of immigrants from the former Soviet Union before the adjournment of the 102d Congress.

MCCAIN (AND OTHERS) AMENDMENT NO. 2722

Mr. LUGAR (for Mr. MCCAIN, for himself, and Mr. KASTEN) proposed an amendment to the bill (S. 2532), supra, as follows:

At the appropriate place, insert the following new section:

SEC. . PROMULGATION OF FINAL REGULATIONS ON CERTAIN AVIATION ISSUES.

(a) REQUIREMENT TO PROMULGATE FINAL REGULATIONS BY SEPTEMBER 1, 1992.—After September 1, 1992, the Secretary of Transportation shall no longer have authority to regulate airline computer reservation systems if by September 1, 1992, either—

(1) the Secretary of Transportation does not promulgate final regulations governing airline computer reservation systems; or

(2) the Administrator of the Federal Aviation Administration does not promulgate final regulations on the allocation and transfer of airline slots at high density traffic airports.

(b) FEDERAL TRADE COMMISSION AUTHORITY.—

(1) AMENDMENT TO FEDERAL TRADE COMMISSION ACT.—Section 5(a)(2) of the Federal Trade Commission Act (15 U.S.C. 45(a)(2)) is amended by striking "air carriers and foreign air carriers subject to the Federal Aviation Act of 1958,".

(2) REQUIREMENT TO PROMULGATE FINAL REGULATIONS.—If the authority of the Secretary of Transportation to regulate airline computer reservation systems is no longer in effect as a result of the operation of subsection (a), the Federal Trade Commission shall promulgate final regulations governing airline computer reservation systems not later than December 1, 1992.

(c) EFFECTIVE DATES.—The amendment made by subsection (b)(1) shall take effect on September 2, 1992, but only if the authority of the Secretary of Transportation to regulate airline computer reservation systems is no longer in effect as a result of the operation of subsection (a). The other provisions of this section are effective on the date of enactment of this Act.

RIEGLE AMENDMENT NO. 2723

Mr. LUGAR (for Mr. RIEGLE) proposed an amendment to the bill (S. 2532), supra, as follows:

At the end of the bill, add the following new section:

SEC. . DISASTER ASSISTANCE FOR TREES LOST DUE TO FIRE BLIGHT.

(a) IN GENERAL.—Section 2255(a) and 2256(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1421 note) are amended by inserting "fire blight," after "earthquake," both places it appears.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be effective as of November 28, 1990.

MACK AMENDMENT NO. 2724

Mr. LUGAR (for Mr. MACK) proposed an amendment to the bill (S. 2532), supra, as follows:

At the appropriate place in the bill, add the following new section:

SEC. . PROVIDING FOR WITHDRAWAL OF RUSSIAN MILITARY PERSONNEL FROM CUBA.

The President would obtain a commitment from Russia to withdraw its combat troops and nonembassy military personnel from

Cuba as expeditiously as possible and by a date certain, and if necessary, should facilitate the withdrawal of said troops and personnel.

LUGAR AMENDMENT NO. 2725

Mr. LUGAR proposed an amendment to the bill (S. 2532), supra, as follows:

On page 33, line 14, strike "needs," and insert "needs (including the nutritional needs of infants by providing baby food as part of direct food assistance programs),".

SPECTER AMENDMENT NO. 2726

Mr. SPECTER proposed an amendment to the bill (S. 2532), supra, as follows:

At the appropriate place in the bill, insert the following new section:

SEC. . INTERNATIONAL LENDING REQUIRED TO BE SECURED BY CERTAIN EXPORT EARNINGS.

(a) UNITED STATES ACTION.—By January 1, 1994, and for each calendar year thereafter, the President of the United States shall either (1) certify to Congress that the former Soviet Republics are adhering to the debt repayment schedules stipulated by the multilateral lending institutions described in this Act; or (2) direct the Secretary of the Treasury to instruct—

(A) the United States executive directors to the International Bank for Reconstruction and Development and to the European Bank for Reconstruction and Development to vote against the extension of any credit, or the issuance of any guarantee with respect to any credit, by the Banks for the purpose of assisting any of the independent states of the former Soviet Union, and

(B) the United States executive director to the International Monetary Fund to vote against any use of the resources of the Fund, including any use of United States currency under the Fund's general arrangements to borrow (GAB) as part of any currency stabilization fund or otherwise, for the purpose of assisting any of the independent states of the former Soviet Union, unless repayment of the credit or such other resources, as the case may be, is secured by the royalties or other revenues, if any, earned by state from the export of petroleum products, minerals, or other commodities.

(b) MULTILATERAL ACTIONS.—The Secretary of the Treasury shall instruct the United States executive directors to the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, and the International Monetary Fund to propose that such institutions establish policies in opposition to the use of resources as described in subsection (a) unless the repayment of such resources is secured in accordance with that subsection.

(c) DEFINITION.—As used in this section, the term "petroleum product" means crude oil, residual fuel oil, or any refined petroleum product (including any natural liquid and any natural gas liquid product).

KASTEN (AND INOUYE) AMENDMENT NO. 2727

Mr. LUGAR (for Mr. KASTEN, for himself and Mr. INOUYE) proposed an amendment to the bill S. 2532, supra, as follows:

On page 29, after line 19, insert the following:

"(6)(A)(i) denies its citizens the right or opportunity to emigrate,

(ii) imposes more than a nominal tax on emigration or on the visas or other documents required for emigration, for any purpose or cause whatsoever, or

(iii) imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizen to emigrate to the country of his choice; and

(B) with respect to which a waiver has not been made under title IV of the Trade Act of 1974;

except that, commencing 120 days after enactment of this Act, such assistance may not be provided unless the President has furnished a report to the Committees on Foreign Relations and Appropriations of the Senate and the Committees on Foreign Affairs and Appropriations of the House of Representatives on the extent of progress such states have made in respect of the criteria described in subparagraph (A).".

KASTEN AMENDMENT NO. 2728

Mr. LUGAR (for Mr. KASTEN) proposed an amendment to the bill S. 2532, supra, as follows:

On page 29, after line 19, insert the following:

"(6) is responsible for paying an equitable portion of the indebtedness incurred before December 25, 1991, by the former Soviet Union (including any agency, instrumentality, or political subdivision thereof) to United States firms, unless the President determines and reports to the Committees on Foreign Relations and Appropriations of the Senate and the Committees on Appropriations and Foreign Affairs of the House of Representatives that such government has not adopted a policy of refusing to pay such equitable portion.".

SCHOOL BREAKFAST AND LUNCH PROGRAMS

LEAHY AMENDMENT NO. 2729

Mr. FORD (for Mr. LEAHY) proposed an amendment to the resolution (S. Res. 303) to express the sense of the Senate that the Secretary of Agriculture should conduct a study of options for implementing universal-type school breakfast and lunch programs, as follows:

Strike all after the resolving clause and insert the following:

It is the sense of the Senate that the Secretary of Agriculture should incorporate into the studies required under section 1779 of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 1751 note) a study of various options for implementing universal-type school lunch and breakfast programs that includes consideration and assessment of—

(1) how to administratively structure universal-type school lunch and breakfast programs;

(2) how to increase the role of nutrition education;

(3) how to encourage schools to increase their participation in the school breakfast program;

(4) an appropriate a la carte food policy to be consistent with universal-type school lunch and breakfast programs;

(5) options for funding the cost of universal-type school lunch and breakfast programs;

(6) administrative costs and savings at Federal, State, and local levels as a result of not having to determine family income and do income-based meal counts; and

(7) the need for legislative changes to carry out universal-type school lunch and breakfast programs.

SEC. 2. As used in this resolution, the term "universal-type school lunch and breakfast programs" means school lunch and breakfast programs administered under the National School Lunch Act (42 U.S.C. 1751 et seq.) and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) under which the Federal reimbursement under the programs for each meal served consistent with United States Department of Agriculture guidelines is provided at an equal rate without regard to the income of the family of the student.

SEC. 3. The Secretary is requested to submit a final report on the information requested by this resolution to Congress with the final report submitted under section 1779(c)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 1751 note).

SEC. 4. A copy of this resolution shall be transmitted to the President, the Secretary of Agriculture, the Secretary of Education, the Secretary of Health and Human Services, and the Director of the Office of Management and Budget.

Strike the preamble and insert the following:

Whereas the national school lunch and breakfast programs are vital to protecting the health and well-being of the Nation's children;

Whereas these essential child nutrition programs help prepare children to learn and to combat childhood hunger;

Whereas the national school lunch program serves approximately twenty-five million children a day, and the school breakfast program serves approximately four million children a day;

Whereas there are several million eligible low-income students who are not participating in the free and reduced price school meal programs; and

Whereas Federal subsidies were reduced early in the last decade, United States Department of Agriculture bonus commodities have dramatically declined, the administrative complexity and cost of administering the national school lunch and breakfast programs have increased, and local indirect cost assessments are reported to be increasing in many local school districts: Now, therefore, be it

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NOTICES OF HEARINGS

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. INOUYE. Mr. President, I would like to announce that the Select Committee on Indian Affairs will be holding a markup on Thursday, July 2, 1992, beginning at 9:30 a.m., in 485 Russell Senate Office Building on S. 2044, the Native American Languages Act; S. 1687, the Indian tribal government waste management; and S. 2836, a bill to promote economic development on Indian reservations by making loans to States and to assist States in constructing roads on Indian reservations; to be followed immediately by an oversight hearing on fractionated heirships, management of Indian trust funds, Indian probate, oil and gas royalty manage-

ment, land consolidation demonstration programs. Another hearing will take place at 2:30 p.m. in the Russell Senate Office Building on the Indian Business Opportunities Enhancement Act.

Those wishing additional information should contact the Select Committee on Indian Affairs at 224-2251.

SUBCOMMITTEE ON PUBLIC LANDS, NATIONAL PARKS AND FORESTS

Mr. BUMPERS. Mr. President, I would like to announce for the public that an oversight hearing has been scheduled before the Subcommittee on Public Lands, National Parks and Forests of the Committee on Energy and Natural Resources.

The hearing will take place on Wednesday, July 22, 1992, beginning at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on the report and recommendations to the Director of the National Park Service from the steering committee of the 75th anniversary symposium, and on the status of the transition of the Presidio to the National Park Service.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, anyone wishing to submit written testimony to be included in the hearing record is welcome to do so. Those wishing to submit written testimony should send two copies to the Subcommittee on Public Lands, National Parks and Forests, Committee on Energy and Natural Resources, 304 Dirksen Senate Office Building, Washington, DC 20510.

For further information regarding the hearing, please contact David Brooks of the subcommittee staff at (202) 224-9863.

Mr. BUMPERS. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Public Lands, National Parks and Forests of the Committee on Energy and Natural Resources.

The hearing will take place on Tuesday, July 28, 1982, beginning at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on the health of the eastside forests in Oregon and Washington and amendment No. 1442 to S. 1156, the Federal Land and Families Protection Act of 1991. Because of the limited time available for the hearing, witnesses may testify by invitation only. However, anyone wishing to submit written testimony to be included in the hearing record is welcome to do so. Those wishing to submit written testimony should send two copies to the Subcommittee on Public Lands, National Parks and Forests, Committee on Energy and Natural Resources, 304 Dirksen Senate Office Building, Washington, DC 20510.

For further information regarding the hearing, please contact Erica Rosenberg of the subcommittee staff at (202) 224-7933.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON JUVENILE JUSTICE

Mr. FORD. Mr. President, I ask unanimous consent that the Subcommittee on Juvenile Justice of the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, July 2, 1992, at 10 a.m., to hold a hearing on juvenile justice reauthorization.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate, 2 p.m., July 2, 1992, to receive testimony on S. 2529, to provide for the transfer of certain lands to the government of Guam, and for other purposes.

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

SUBCOMMITTEE ON PERMANENT INVESTIGATIONS

Mr. FORD. Mr. President, I ask unanimous consent that the Subcommittee on Permanent Investigations of the Governmental Affairs Committee be authorized to meet on Thursday, July 2, at 9 a.m. for a hearing on the subject: "Efforts To Combat Fraud and Abuse in the Insurance Industry."

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

SELECT COMMITTEE ON INDIAN AFFAIRS.

Mr. FORD. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet on July 2, 1992, beginning at 9:30 a.m., in 485 Russell Senate Office Building, to consider for report to the Senate S. 2044, the Native American Languages Act; S. 1687, the Indian tribal government waste management; and S. 2836, a bill to promote economic development on Indian reservations by making loans to States and to assist States in constructing roads on Indian reservations; to be followed immediately by an oversight hearing on fractionate heirships, management of Indian trust funds, Indian probate, oil and gas royalty management, land consolidation demonstration programs; followed by a later hearing at 2:30 p.m. on the Indian Business Opportunities Enhancement Act.

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

SELECT COMMITTEE ON POW/MIA AFFAIRS

Mr. FORD. Mr. President, I ask unanimous consent for the Senate Select Committee on POW/MIA Affairs to meet on Thursday, July 2, at 9 a.m. in room 106 of the Senate Dirksen Office Building to discuss and vote on declassification of POW/MIA documents.

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

COMMITTEE ON VETERANS' AFFAIRS

Mr. FORD. Mr. President, the Committee on Veterans' Affairs would like to request unanimous consent to hold a hearing on women veterans' health care legislation and oversight. The hearing will be held at 10 a.m. on July 2, 1992, in room 216 of the Hart Senate Office Building.

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

COMMITTEE ON FOREIGN AFFAIRS

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, July 2, at 8:30 a.m. to mark up Treaty Document 102-20, treaty between the United States and the U.S.S.R. on the reduction and limitation of strategic offensive arms—the START Treaty—and protocol thereto dated May 23, 1992, Treaty Document 102-32. The committee will also consider and vote on other noncontroversial business items.

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

ADDITIONAL STATEMENTS

THE GETTYSBURG ADDRESS—A CALL TO REVEILLE

• Mr. WOFFORD. Mr. President, early in the day of July 1, 1863, 129 years ago yesterday, Gen. John Buford's Union cavalry clashed with Gen. A.P. Hill's Confederate cavalry west of a tiny Pennsylvania hamlet called Gettysburg. Thus began a monumental contest pitting commanding generals George G. Meade and Robert E. Lee and over 160,000 soldiers.

The battle raged for 3 days and resulted in more than 51,000 casualties. Finally, on the afternoon of July 4, Lee started his retreat back to Virginia. General Meade had stopped Lee's second invasion of the North.

Four months later, President Abraham Lincoln delivered a few appropriate remarks at the dedication of the Gettysburg National Cemetery. Historically, the Battle of Gettysburg sculpted forever the remarkable fortune of a United States.

Mr. President, each year at this time, the annual Gettysburg Civil War Heritage Days is celebrated. Heritage Days is a grand event—commemorating our democracy, freedom, and equality. I salute the citizens of Pennsylvania who participate in this event.

However, this year the celebration is marred. The 1½ million visitors who yearly tour the Gettysburg National Military Park, will not be able to see

that great document which Carl Sandburg described as containing "the taller riddles of democracy" and which gave purpose to our revered countrymen's sacrifice—the address delivered by President Lincoln at the dedication of the cemetery at Gettysburg—known worldwide as the Gettysburg Address.

The Library of Congress controls two original draft copies of the Gettysburg Address, handwritten by President Lincoln. For the past 12 years, these copies have been loaned on a rotating basis to the Gettysburg National Military Park, for display. However, last December, the Library terminated the loan agreement.

The Library of Congress' staff has told me that the National Park Service has exercised extreme care in displaying the Gettysburg Address. However, the Library wants to show the copies solely in Washington, DC. This has led to a reveille call for those, like me, who believe that the Gettysburg Address should be displayed at its birth site. Several members of the Pennsylvania delegation and I are engaged in negotiations to make this happen.

As Garry Wills has written in his new book, "Lincoln at Gettysburg",

> The Gettysburg Address means what Lincoln told us it means * * * Lincoln not only presented the Declaration of Independence in a new light, as a matter of founding law, but put its central proposition, equality, in a newly favored position. By accepting the Gettysburg Address, and its concept of a single people dedicated to a proposition, we have been changed. Because of it, we live in a different America.

For Lincoln, this proclamation could only have been made at Gettysburg. Each year, visitors from around the Nation and the world tour the battlefield to pay their respect to those who gave the last full measure of devotion. Over the years, the immortal 10 sentences that make up the Gettysburg Address, written in President Lincoln's hand, have inspired the people who have come to Gettysburg. For those of us who have been working on this issue, the call to reveille was heard.

Currently, we are exploring with members of the Committee on the Library of Congress, which has jurisdiction over such matters, a solution that would require a renewal of the loan agreement between the Library and the National Park Service for an original copy of the Gettysburg Address.

Such a solution would ensure that during the summers to come, visitors to Gettysburg will get to see a cornerstone of their American history—written in Abe Lincoln's hand—the Gettysburg Address.●

C–17

● Mr. D'AMATO. Mr. President, if "The Picture of Dorian Gray" had a defense equivalent, it would be the C–17. With each mischaracterization, misexplanation, or misstatement by the contractor or the Air Force as to the past, present, or future of the program, a new and monstrous flaw appears somewhere on the C–17. At this point, the aircraft is little more than a collection of dollar-weeping sores. For the cash-strapped Air Force, the C–17 has proven a wound they cannot heal.

I ask that an article that appeared in the Wall Street Journal on June 26, 1992, entitled "Air Force General Says Problems Mount for McDonnell Douglas on C–17 Project" be entered into the RECORD at this point as if read in its entirety.

Interestingly, the projected $1.1 billion in overruns on the C–17 contract matches almost perfectly the request for the controversial, and frankly ill-considered, F/A–18E/F, also built by McDonnell Douglas. Are we robbing Peter to pay Paul?

The article follows:

[From the Wall Street Journal, June 26, 1992]

AIR FORCE GENERAL SAYS PROBLEMS MOUNT FOR MCDONNELL DOUGLAS ON C–17 PROJECT

(By Andy Pasztor)

WASHINGTON.—McDonnell Douglas Corp.'s C–17 transport faces escalating problems as a result of turmoil among many assembly-line workers and subcontractors, according to the Air Force general in charge of the program.

Gen. Kenneth Miller acknowledged in a recent interview that McDonnell Douglas's plan to lay off thousands of additional workers at its Long Beach, Calif., plant, which turns out both military and commercial jets, is likely to cause serious disruptions and further delays in building C–17s. Many workers currently assembling commercial jets will replace less senior workers slated to be laid off from the C–17 line. Such rapid turnover, Gen. Miller predicted, will lead to expensive assembly slowdowns and lengthy retraining efforts.

In addition, Gen. Miller said the Air Force considers it "a tremendous problem" that many subcontractors "are walking away from the program" because of its troubles on Capitol Hill and its on-again, off-again, funding. He also said engineers won't be certain for another year whether they have permanently fixed problems involving rivets and fuel leaks.

The Air Force acknowledged for the first time that it intends to reject nearly $300 million in contract claims filed by McDonnell Douglas, money the company was counting on to reduce the ultimate size of its loss on the first batch of C–17s.

PENTAGON CONCERNS

Breaking in new workers and finding replacement subcontractors are major reasons the Air Force now concedes McDonnell Douglas may exceed by as much as $1.1 billion its $6.6 billion fixed-price contract to deliver the first nine C–17s. Gen. Miller's comments highlight continuing Pentagon concerns about the extent of the financial, technical and personnel problems confronting the C–17, despite management and manufacturing shake-ups during the past two years.

In Long Beach, McDonnell Douglas spokesman Lawrence McCracken acknowledged that layoffs will have a "disruptive" effect and increase pressure on C–17 costs. But he said the company plans to adjust other spending to keep a lid on C–17 costs. Maintaining that McDonnell Douglas's cost projections for development and early production remain at less than $7.4 billion, he said the company and the Air Force have "agreed to disagree" over the issue.

Mr. McCracken also said that the government hasn't formally ruled on more than $200 million of the company's $300 million in claims, and that McDonnell Douglas is appealing some rejected claims. He said that only a few subcontractors have left the program, and that there has been "no significant cost or schedule impact" from subcontractor loss.

Despite the huge losses the company is facing to develop the C–17, McDonnell Douglas can't afford to turn its back on the four-engine transport, Gen. Miller said.

"This is probably the largest defense program McDonnell Douglas will have for the rest of the century," he said. "If they walk away from this, or default on it, you can imagine how much defense business they would ever see again."

CRITICAL TIME

The warnings come at a critical time for the C–17. The House already has voted to delay full-scale production and slash nearly 30% from the Pentagon's fiscal 1993 funding request for the plane, pending further tests and reviews. McDonnell Douglas, meantime, is revving up its lobbying and public relations campaign before the Senate Armed Services Committee takes up the issue next month.

Gen. Miller, who took over as C–17 chief in September, provided more details about the status of the $35 billion-plus program than any high-ranking Air Force officer in recent years. Contending that tighter quality control, new manufacturing procedures and upgraded software have solved longstanding riveting problems and other manufacturing deficiencies, he nevertheless said the fixes won't show up fully until the eighth production plane rolls off the line during the summer of 1993.

Spray coatings, for example, are being used to try to plug fuel leaks on the early batch of planes because the Air Force decided "we weren't going to go back and tear anything apart," Gen. Miller said. He put the blame for the manufacturing problems on McDonnell Douglas managers. "It took them a long time to work their way through this process," he said, "It has been very costly" for the company to try to fix individual deficiencies after they are spotted.

At the same time, he maintained that the fixes have enabled the C–17 to pass each of its early flight tests, including landing on a short runway. "It's predictable, stable and responsive," Gen. Miller said, and the Air Force remains confident it will meet every performance requirement.●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS UNDER RULE 35, PARAGRAPH 4, PERMITTING ACCEPTANCE OF A GIFT OF EDUCATIONAL TRAVEL FROM A FOREIGN ORGANIZATION

● Mr. SANFORD. Mr. President, it is required by paragraph 4 of rule 35 that I placed in the CONGRESSIONAL RECORD notices of Senate employees who participate in programs, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign

country paid for by that foreign government or organization.

The select committee received a request for a determination under rule 35 for Jessica Gavora, a member of the staff of Senator MURKOWSKI, to participate in a program in China and Hong Kong, sponsored by the Far East Studies Institute and the Chinese People's Institute of Foreign Affairs, from July 4–19, 1992.

The committee has determined that participation by Ms. Gavora in this program, at the expense of the Chinese People's Institute of Foreign Affairs, is in the interest of the Senate and the United States.

The select committee received a request for a determination under rule 35 for Senator CONRAD BURNS and his wife to participate in a program in the Republic of China, sponsored by the Chinese National Association, from July 13–18, 1992. At the conclusion of this trip, Senator and Mrs. Burns have been invited by Fuji America Co. to attend a program in Tokyo, from July 18–20, 1992.

The committee has determined that participation by Senator BURNS and his wife in these programs, at the expense of the Chinese National Association and Fuji America Co., respectively, is in the interest of the Senate and the United States.

The select committee received a request for a determination under rule 35 for Cynthia M. Faulkner, a member of the staff of Senator COHEN, to participate in a program in Taiwan, sponsored by the Soochow University, from July 4–11, 1992.

The committee has determined that participation by Ms. Faulkner in this program, at the expense of the Soochow University, is in the interest of the Senate and the United States.

The select committee received a request for a determination under rule 35 for Tom Fulton and Jack Ramirez, members of the staff of Senator CONRAD BURNS, to participate in a program in the Republic of China, sponsored by the Chinese National Association, from July 13–18, 1992. Mr. Fulton and Mr. Ramirez have also been invited to participate in a program in Tokyo, sponsored by Fuji America Co., from July 18–20, 1992.

The committee has determined that participation by Tom Fulton and Jack Ramirez in these programs, at the expense of the Chinese National Association and Fuji America Co., respectively, is in the interest of the Senate and the United States.●

A TRIBUTE TO THE DENVER REGIONAL OFFICE OF THE DEPARTMENT OF VETERANS AFFAIRS

● Mr. WIRTH. Mr. President, I would like to take this opportunity to recognize and commend the outstanding contribution made to the field of veterans' affairs by the Denver Regional Office of the Department of Veterans Affairs and its congressional unit staff.

The needs of veterans have changed tremendously since the establishment of the Veterans' Administration in 1930. The Department of Veterans Affairs administers programs ranging from posttraumatic stress disorder counseling and home loan guarantee programs to education benefit programs.

With the numerous inquiries many Federal agencies receive, it is sometimes difficult for the agency to retain the personal touch while processing many claims and appeals, but the staff at the Denver Regional Office go the extra mile in handling cases.

When I am contacted by a veteran with a question or problem, a staff assistant works with the congressional unit at the Denver Regional Office to respond quickly and efficiently. The congressional unit provides invaluable assistance in clarifying issues and facilitating problem resolution, and its staff members are sympathetic to veterans' concerns.

My office deals primarily with veterans who have been frustrated by the bureaucracy and believes they have nowhere else to turn. The congressional unit handles these cases with patience and thoroughness, maintaining contact with both my assistant and the constituent. Their efforts make my job easier, and help me to assure my constituents that veterans' concerns are, indeed, a priority.

Throughout American history, veterans have served our country with courage and loyalty, and they deserve the greatest respect and service we can offer them. The Denver Regional Office provides that respect and service, enabling my office to work effectively with veterans who come to me for assistance. The regional office staff answers all of our inquiries with courtesy and efficiency, always working for the fairest and most beneficial solutions to problems.

In particular, I would like to recognize Jack McReynolds, Director of the Veterans' Administration Regional Office, and the congressional unit staff: Carroll O'Brien, supervisor; Brenda Fulmer; Jill Groskopf; Mark Natalie; Sharon Shinkle; and Larry Woirhaye. I commend them for their dedication, and I hope that together we can continue to provide veterans with the service they deserve.●

S. 68—APPOINTMENT OF CHIROPRACTORS AS COMMISSIONED OFFICERS IN THE ARMED SERVICES

● Mr. D'AMATO. Mr. President, I rise today to cosponsor S. 68, a bill to authorize the appointment of chiropractors as commissioned officers in the Armed Forces of the United States. Doctors of chiropractic render valuable treatment services to those who serve in the Armed Forces. Because of what they do, it is only fair that they receive treatment commensurate with their work and expertise.

This bill, introduced by my distinguished colleague, Senator THURMOND, enjoys wide bipartisan support. And the reason, quite simply, is that it is a good bill. It corrects a longstanding bias against chiropractors that has only punished people for whom chiropractic treatment provides the only relief from painful and debilitating conditions. Passage of this bill will ensure that such treatment will be available to our armed services personnel from doctors who are available within the ranks of the services. The convenience and health benefit this will afford to our uniformed men and women will be significant indeed.

This bill will also provide compensation to commissioned chiropractors on a scale comparable to that of other health care professionals in the Armed Forces. The chiropractic profession is licensed in all 50 States and is an integral part of our Medicare, Medicaid, and Federal employees health care systems. Colleges of chiropractic are recognized by the U.S. Department of Education. Isn't it time the chiropractic profession received equal recognition within the U.S. armed services?

Mr. President, we ought to do the right thing and pass this bill without delay. We have waited more than long enough already. I urge my colleagues to join me in supporting this bill, and I recommend its swift passage.●

AMERICAN ENCOUNTERS

● Mr. BINGAMAN. Mr. President, I submitted the following article to the Albuquerque Journal, and it was published on June 25, 1992.

FOLKLIFE FESTIVAL

I salute the hundreds of New Mexicans who are taking part in the American Folklife Festival, which allows Americans from across the nation to experience New Mexico's rich culture—arts, crafts, dance, music, and food—first-hand. I also commend those who helped bring New Mexican history and culture to the nation's capital with the new, permanent exhibit at the Smithsonian Institution titled "American Encounters," which features New Mexico.

How do we as a nation integrate the talents of all our citizens while retaining the uniqueness of each culture? As this struggle continues to fulfill the dream of a truly united America, I believe the nation needs to look no further for a model for the diversity of cultures—it has one in New Mexico.

And right now, we have a splendid opportunity to present this symphony of cultures to the rest of the nation.

On June 24, a permanent New Mexico exhibit opened at the Smithsonian Institution's National Museum of American History in Washington. The culture of New Mexico will also be featured at the American Folklife Festival on the Washington Mall, June 25–29 and July 2–5.

The new exhibit, "American Encounters," coincides with the 500th anniversary of Columbus" landing in the New World and chronicles nearly 500 years of interaction among the many cultures that have flourished in New Mexico.

The metaphor of the melting pot is often used to described the evolution of the American culture. It is an apt description because it conveys the pain, turmoil, and intolerance that sometimes marks the adaptation of a new culture.

But the real theme of the exhibit is one of cultural perseverance, not confrontation. New Mexicans have changed, adapted and maintained their traditions, merged with one another and forced others to acknowledge their right to exist.

The Folklife Festival will bring more than 100 New Mexicans to Washington to share our crafts, cuisine, and stories. It will be held on the Washington Mall, America's front yard, not far from the Smithsonian Castle. Since the festival runs through the Independence Day holiday weekend, nearly 1 million visitors to the Mall will get a taste of New Mexico and its many cultures.

The permanent exhibit at the Smithsonian will be seen by millions of visitors over the next 10 years, and I believe it will also draw many tourists to the state.

The message behind the exhibit is one for all Americans and a powerful one at a time when racial tension threatens the cohesion of our nation. To quote the exhibit text:

"The people of New Mexico—Indian, Hispanic Anglo-American, African American, Asian American, Christian and Jew—know what it is like to live in a multicultural society. They inhabit the same space: sometimes near one another, sometimes distant. They share a history of conflict and connection, as individuals and as members of their cultures. Each has a vision of the future. Can these visions be reconciled?"

The answer to that question is a resounding "yes". Through our tradition of cooperation among and respect for diverse cultures, New Mexico is uniquely placed to lead the nation. New Mexico's history is a mosaic of many peoples, beliefs and creeds forging a rich multicultural state. I can't think of a better portrait to present to the rest of the nation."

In addition to New Mexico, the annual Festival of American Folklife also will highlight the Creativity and Resistance of the Maroon Culture in the Americas, the Changing Soundscape in Indian Country, and Workers at the White House.

I encourage everyone to avail themselves of this wonderful opportunity and attend the American Folklife Festival.●

PLANNED PARENTHOOD VERSUS CASEY AND THE COMMISSION ON AMERICA WITHOUT ROE

● Mr. PACKWOOD. Mr. President, I would like to join my colleagues in their remarks about the Supreme Court's recent decision in Planned Parenthood of Southeastern Pennsylvania versus Casey. As I see it, up front, the Court states it is upholding Roe. However, it then proceeds to decimate the very foundation of Roe, which is that abortion is a fundamental constitutional right. The Court in upholding all but one of the restrictions in Pennsylvania's Abortion Control Act, has given the American public a mixed message: A woman has the right to an abortion, but not without the threat of the State government meddling in her choice. In my opinion, the Court in OK'ing these restrictions says abortion is no longer a fundamental constitutional right.

In spite of the optimism some have about the Court's decision, in my mind what has come down is beyond our worst fears. In January this year, the National Abortion Rights Action League [NARAL] sensed we would be where we are today. They had the keen foresight to establish the National Commission on America Without Roe. It has been my privilege to serve on this distinguished panel, whose task is to strategize to keep abortion safe and legal. On July 1, 2 days after the Court's decision, the Commission issued a report, "Facing the Future Without Choice." We wanted to get the word out to all Americans about how bad things would be in this country if we no longer had Roe. Make no mistake about it, women died from back alley botched abortions before Roe. Without Roe, they will be dying again. We in Congress need to confront this reality. We must pass the Freedom of Choice Act, which will codify Roe versus Wade and ensure a woman's right to choose without interference, with all deliberate speed. We must move before States act on the Court's invitation to seriously curtail access to abortion.

I have been a strong proponent of a woman's right to choose an abortion without interference from the Government throughout my entire career in the Senate. We had come so far with Roe in 1973. In 1992, we should make sure we do not go back 20 years—we should pass the Freedom of Choice Act.●

SALUTE TO JOHN GUMMERE

● Mr. LIEBERMAN. Mr. President, John Gummere, chairman of the board and chief executive officer of Phoenix Home Life Mutual Insurance Co., has spent 43 years working to make the Phoenix the successful company it is today and the first mutual life insurance company of its size ever to undertake a merger. On July 1, Phoenix and Home Life Insurance Co. of New York merged to form Phoenix Home Life Mutual Insurance Co.

Mr. Gummere is a recognized leader in the industry, the former chairman of the Insurance Association of Connecticut, a director of the Health Insurance Association of America, and a past president of the Institute of Home Office Underwriters. He is the 1990 recipient of the institute's highest honor, the Emmett Russell, Jr., Award.

As a community leader he is a member of the board of directors and past chairman of the Greater Hartford Chamber of Commerce, a member of the boards of Connecticut National Bank, Connecticut Business for Education Coalition, the Institute for Living, Old State House Association, and Riverfront Recapture.

It is not surprising that John Gummere has also steered the Phoenix to its position of strength and into this merger. Phoenix Home Life Mutual Insurance Co. has a strong commitment to Hartford, to Connecticut, to its employees and policyholders and to the future of the insurance industry. The people of Connecticut welcome his continued leadership at the helm of Phoenix Home Life.●

HATE CRIMES

● Mr. SIMON. Mr. President, once again, I would like to call attention to the continuing problem of hate crimes throughout our Nation. In a previous statement, I made a brief reference to Vincent Chin's death. June 19, 1992, marks 10 years since he was brutally murdered.

This year, Vincent Chin would have turned 37 years old had he not been brutally murdered. Ten years ago he was celebrating his bachelor's party at a Detroit bar. Two white automobile factory workers, who had just been laid off, were also drinking at the bar. They began taunting Chin calling him "Chink," "Nip," "Jap," and various other obscenities. They blamed him for their loss of jobs and chased Vincent Chin out of the bar. When they caught up with him, they yelled out, "because of you [Chin] * * * we're out of work," while they struck him with a baseball bat numerous times in the head, chest, and knees. Four days later, Vincent Chin died.

In March 1983, the two murderers were each sentenced to 3 years of probation and fines of about $3,000. Since both defendants had clean records, the judge was lenient. He stated, "these men are not going to go out and harm somebody else. I just didn't think that putting them in prison would do any good for them or for society. You don't make the punishment fit the crime; you make the punishment fit the criminal." Mr. President, these attitudes and hate crimes are inexcusable.

The murder of Vincent Chin stands among the countless incidents that remind us of the heinous racially motivated crimes that continually reoccur and need to be prevented. These crimes perpetuate fear and isolation.

Since Vincent Chin's death, many organizations have joined together seeking an end to hate crimes. Most recently, we have seen an Asian coalition effort called the National Network Against Anti-Asian Violence which serves to publicize the horrendous suffering caused by hate crimes. The network helps increase crime awareness by alerting the public and talking about what can be done when hate

crime is committed. The information will be distributed in several different languages along with a 1-800 number to report hate crimes.

It is my hope that some day soon we will see the end to crimes motivated by racial hatred. No one should suffer from any act of crime. It can be particularly disturbing to the community when it is solely motivated by prejudice. Instead, we should remember the demography of America and use our unique qualities to share and celebrate our differences.

Ten years ago, the murder of Vincent Chin alerted the Nation to hate crimes. Let us hope that 10 years from now we will have overcome this problem.•

FAMILY MEMBERS OF ALZHEIMER'S VICTIMS: THE INVISIBLE ARMY

• Mr. HOLLINGS. Mr. President, Alzheimer's disease is among the cruelest of human pathologies. It progresses gradually, insidiously, and irreversibly over a period of 5 to 10 years, slowly destroying the victim's mind and memory.

Obviously, it is a terrible individual tragedy for the man or woman affected with Alzheimer's. But what is not fully appreciated is that this disease is no less a tragedy for the spouse and family members who must witness the slow destruction of a loved one. Living in close quarters with an Alzheimer's victim can be, quite frankly, a living hell. It is not just the emotional stress of watching the loved one degenerate mentally. It is also the sheer physical toll from lost sleep, chronic worry, and the strain of living with someone whose behavior is increasingly erratic and unpredictable.

Mr. President, an extraordinarily moving account of what it is like to live with an Alzheimer's victim was recently published in the Colorado Alzheimer's Newsletter. The author is Beverly J. Murphy, whose husband, Tom, was stricken some 6 years ago.

Mrs. Murphy writes that "of the 8 million people suffering from Alzheimer's disease and other related dementias, there is another 6.4 million of us taking care of their every needs, by ourselves, alone, at home." She calls these millions of spouses and loved ones the "invisible army," and she describes the loneliness and strains that are their daily fate.

Mr. President, Mrs. Murphy's article is not pleasant reading. But it is an exceptionally eloquent and compelling account, and it deserves a wider readership. To that end, I ask that it be reprinted in the RECORD in its entirety.

The article follows:

ALZHEIMER'S "INVISIBLE ARMY"

(By Beverly J. Murphy)

It's going on 1 am. Tom has been ranting and raving on and off for the past three hours. He is now in his room, a room that has plexiglass windows, no cords or plugs or fixtures that he can grab on to, no mirrors to add to his confusion and no pictures on the walls with which he can harm himself. There is wall to wall carpeting, track lighting and a bed. The sliding closet doors have locks on them but that doesn't keep him from rattling them or kicking them, which he is now doing. He can no longer express himself in understandable speech but it is very apparent that something has made him very angry. I have no idea what. It appears that we will be in for a second 'bumpy' night.

I dread going into his room right now and am praying that whatever it was that has sent him into this state will disappear as dramatically as it occurred. I remember three months between May and August of 1989 when Tom didn't sleep an entire night once during that whole period. It ended with a full blown psychotic episode and one week in the hospital while doctors desperately played with medication. I don't know how I survived that time. I don't know how I have survived the past six years, for that matter. I hardly recognize myself at times. This is not the marriage we had hoped for. The only thing I am certain of is how much I still love this man. I continue to love him in spite of the fact that we often reside, for periods of time, in hell.

I didn't know what hell was until I was systematically and relentlessly deprived of sleep. I didn't know what prison was until I found myself the wife and primary caretaker of an Alzheimer's patient. Tom and I are both in prison and each of us is the other's keeper. I sometimes wonder which of us has the keys.

I pray for two things these days. I pray that God will finally release us both from this prison that we are in . . . this prison called Alzheimer's Disease and I pray for a good night's sleep.

I am part of the "Invisible Army". I am told that of the 8,000,000 people suffering with Alzheimer's Disease and other related dementias, that there is another 6,400,000 of us taking care of their every needs, by ourselves, alone, at home. We don't go to support groups because we don't have the money for respite care and what money there is for this luxury called 'time away', is used to run errands, buy groceries, and fix the car. Our friends have by now drifted off, because watching a friend deteriorate requires friendship made of steel. Those who hang in there aren't friends anymore, they are saints. Our families, for the most part and contrary to belief, do not rally. They do not come over to help and they are often hostile and openly resentful as if it is our fault that Dad and Mom can no longer function. Those who accept the challenge give credence to the expression that the exception proves the rule. They also experience the opportunity to feel the full expression and rewards of unconditional love. They are a small minority at best.

We have no voice in the government because we are too busy surviving on the most primitive of levels to write letters. I wonder how many of us vote. I wonder how many of us have the time to even wonder if Government gives a damn. I know there is little that I have seen of Government that speaks on any level to Tom's or my needs.

We are as a group depressed, in a chronic state of anxiety, alcoholic, assailed with the constant never ending needs of the sick spouse, plagued with money problems and weary of dealing with the bureaucracy that effectively keeps claims from being processed in a timely manner by insurance companies and Medicare. We are fearful of what new horror the next day is going to bring knowing that in varying degrees of intensity the horror always continues. We are deprived of sleep on a regular basis and of our dignity on levels beyond understanding. Our immune system is so battered that we are more susceptible to any and every illness that comes along and the money choices that we are forced to make often deprive us of the care and treatment we need because the daily needs of the Alzheimers patient take precedence. I spend $150.00 a month on diapers. If it comes down to a choice, what do I not buy so that I can continue to buy diapers?

Most of all, we also get to experience grief in it's rawest form. It is a mourning period that starts with the first realization that something is wrong with that person who is so important in our lives, and continues as each and every ability that allowed that light in our life to shine, is taken away. It is a mourning period that lasts for years. It is the loneliest of existences. Is it of any surprise that the well spouse often dies before the sick spouse?

This is a disease that claims at least two victims. It is also a disease that knows no mercy, no class system, no racial preference, and no social distinctions. It too is a death sentence.

In this election year, I call upon this "Invisible Army" to surface and let Government know that we not only exist, but we are a viable force in this nation. Make your needs known. Write letters. Tell Government what the cost is in money to you personally and tell them about the human toll Alzheimer's Disease has wreaked on you and your life with your loved one. Point out that today's legislative body may be tomorrow's Alzheimer's victims because with all their bravado, with all their power, they too are not immune. Give voice to the horror, and if you feel the energy is no longer there to do so because you simply cannot divide yourself into any more pieces, then at least let the Alzheimer's Association in your district know that you exist and WE will add your voice to our effort. Above all. . . . Vote! •

S. 2038, THE SOCIAL SECURITY AMENDMENTS OF 1992

• Mr. BENTSEN. Mr. President, S. 2038, the Social Security Amendments of 1992, was ordered reported by the Finance Committee on June 11. S. 2038 will substantially ease the Social Security earnings test, improve benefits for elderly widows and widowers, and exempt election workers from Social Security and Medicare coverage. Its costs to the Social Security trust funds are entirely paid for by a proposal to stabilize the Social Security contribution and benefit base.

As Senators know, this Congress has seen a number of proposals to ease or eliminate entirely the Social Security earnings test. Those offered recently in connection with legislation extending the Older Americans Act have had one unacceptable feature in common. They have sought to increase Social Security benefits without paying for the cost.

Now there seem to be those who think that the Social Security trust funds are a nearly bottomless cornuco-

pia, available to dispense additional benefits for good causes—and for causes that are not so good—without any need for replenishment.

I am here to tell Senators that this is not the case. Not when the Social Security disability fund is projected to be exhausted in 1997, and perhaps as early as 1995. Not when the Social Security trustees estimate that the disability fund will require more than $75 billion in additional revenues during the next 10 years just to meet the trustees' short-term test of financial adequacy. And not when overall Social Security reserves are far short of the 18-month reserve level that is needed to ensure payment of benefits even during serious economic downturns.

I do not mean to suggest to anyone that payment of Social Security benefits is in danger. It is not. But I do very strongly mean to suggest to Senators that this is not the time to be expanding benefits without paying for the associated costs.

Mr. President, I am hopeful that Senators have already taken this message to heart, by recognizing that if we wish to provide additional Social Security benefits, we will pay for them. In my view, that is the meaning of the Senate's vote on April 7, when by an overwhelming majority of 94 to 3 it adopted my Social Security Trust Fund Protection Amendment to the budget resolution. The amendment assures that there will be a 60-vote point of order against any proposal that reduces the Social Security trust fund reserves and threatens the financial integrity of the funds.

S. 2038, the committee bill reported today, pays for every penny of its costs in full compliance with the Budget Act. Its costs to Social Security are financed with a provision that protects the trust funds from an unintended decline in their revenues. In order to assure that all of its non-Social Security costs are funded, the bill also contains a minor provision that increases the excise tax rate on ozone-depleting chemicals by 4 cents per pound in 1993 only.

Social Security revenues have suffered an unintended decline in recent years because the wages of individuals with high earnings have been increasing at a faster rate than the wages of people with middle and low incomes. This affects the total amount of earnings subject to taxation under the Social Security contribution and benefit base—what is usually called the wage base. Earnings below this base are subject to Social Security taxes; earnings above are not.

When the Social Security program started in 1935, the contribution and benefit base was $3,000. At that time, a $3,000 base was high enough to ensure that over 90 percent of the wages paid in employment covered by Social Security were subject to the Social Security contribution requirement. The base was not indexed and did not automatically increase every year. Over the years a series of legislated increases failed to maintain the 90-percent level of coverage.

When the Congress in 1977 considered the major amendments to Social Security that, among other things, established the current benefit formula, we deliberately set out to restore the level of wages covered under the wage base to at least 90 percent. We did so by enacting a series of legislated base increases to raise the base above 90 percent. Following the last legislated increase in the 1981 base, it was expected that subsequent indexing of the base by the annual increase in average wages would maintain the base at or above the 90-percent level of coverage.

From 1980 to 1986, these changes worked as expected. The high point was in 1983, when 91.2 percent of covered wages were included under the base. By 1987, however, covered wages had fallen below 90 percent, and they continued this decline until they reached 88.6 percent in 1990. This is the last year for which actual data are available. But both the Congressional Budget Office and the Social Security Administration estimate that the decline will continue. CBO projects that wages covered under the base will fall to 88.5 percent in 1992 and to 87.9 percent by 1997, the last year of the CBO estimating period. SSA projects a further decline to 87.4 percent by 2001.

How can this be? Why is the base, which is indexed annually by the increase in average wages, covering a declining percentage of all wages? The Social Security actuary sums it up by saying that wages at higher levels are growing at a greater rate than the rate of increase in the average of all wages. In other words, high wages are growing faster than middle and low wages, and the average can't keep up with the increase at the top end of the wage scale.

What is the effect on Social Security? The Social Security trust funds are losing billions of dollars of revenues that they were expected to receive. The current average wage indexing mechanism for the wage base, which was intended to stabilize the base, has been unable to keep the percentage of wages covered under the base from falling. If it were able to do so, the wage base would be higher and more earnings of higher income individuals would be subject to the Social Security tax.

Mr. President, I frankly wish that we could return the Social Security wage base to the 90 percent level of coverage that was intended by the Congress. This would not restore the $25 billion in revenues that the Social Security Administration estimates have already been lost through 1991, but would put the funds in a much healthier financial position for the future. For now, however, the Finance Committee believes that the Congress should take the steps needed to arrest the continuing decline in the percentage of wages covered under the base and stabilize that percentage in the future. This will at least arrest deterioration, halting even greater revenue losses to the Social Security trust funds.

The committee bill would do this with a new wage base stabilization mechanism. It would operate only if the current wage base indexing mechanism, which uses the increase in average wages, fails to prevent the percentage of wages covered by the base from falling. If, as CBO and SSA both predict, the percentage does continue to fall, then the stabilization procedure would adjust the index to halt the decline and stabilize the base.

This wage base stabilization proposal, which would be effective beginning with the 1993 base, is projected to stabilize the Social Security wage base at 88.2 percent of covered wages under CBO assumptions, and at 88.1 percent under the assumptions used by the Social Security actuary. While this is a far cry from the intended level of 90 percent, it at least prevents further deterioration.,

Mr. President, I would point out that this proposal would affect only the taxes paid by people who have relatively high earnings—$57,900 and above in 1993, rising to $69,300 and above by 1997. Next year an individual with wages above $57,900 would pay less than $20 in additional Social Security taxes under this proposal. By 1997, individuals with wages over $69,300 would pay about $112 additional. When Senators consider these amounts, which I believe to be quite modest, I would ask them to recall that it is precisely because the wages of individuals at the higher end of the income scale are rising more rapidly than those of middle and low income individuals that this proposal is needed at all.

Now earlier I said that S. 2038 contains some significant improvements. The first is in the Social Security earnings test.

A primary objective of this bill is to reduce significantly the burden of the Social Security earnings test on those individuals who choose to or have to work after they attain age 65. To do this, S. 2038 increases the earnings test exempt amount in every year from 1993 to 2001. In keeping with the funding available, the early increases are modest, but by 1997 the exempt amount is increased to $21,000—an amount $8,280 above present law. The exempt amount then continues to grow until it reaches $51,000 in 2001, compared with an estimated present law amount of just over $15,000.

I am offering this proposal with the endorsement of the committee because I believe that the earnings test we have today is neither equitable nor designed

to meet the real needs of retirees now and in the future.

As Senators will recall, Social Security was never intended to be the sole source of retirement income. Rather, it is supposed to be one part of a triad, composed of private pensions, individual savings, and Social Security benefits. However, the percentage of the work force covered by private pensions has been declining since 1980. The rate of savings by American families is now at rock bottom. In order to maintain their standard of living, or even to meet their basic needs, some current Social Security retirees must work to supplement their benefits. The number who need to do so may well increase in the future.

Irrespective of financial need, work is an essential part of the lives of many older individuals. The ability to continue to work is important to the health and sense of well-being of millions of older Americans. Yet today's earnings test penalizes most severely those who choose to continue some form of meaningful employment after they reach age 65.

Demographic projections suggest that with the combination of a historically low birth rate and the aging of the baby boom population, many older workers could help to provide the skills and knowledge needed to drive our economy and increase our productivity. Lowering the barriers the earnings test poses to the continued participation of older, well trained and competent workers in America's work force will benefit us all.

Mr. President, for all of these reasons I believe that we should ease the earnings test to allow retirees who wish to do so to be active members of the work force.

S. 2038 also makes important improvements in the Social Security program that affect widows and widowers, and election workers.

The committee is concerned that some groups of Social Security beneficiaries—particularly elderly widows and widowers—receive benefits that are considerably lower than average. Widows frequently have little in the way of other, non-Social Security income. The average widow age 70 and older, for example, must depend on her Social Security benefit for 70 percent of her income. The average retiree age 70 and older, in contrast, derives almost half of his or her income from sources other than Social Security.

The benefits a widow receives are often based on the incomplete earnings record of her deceased husband. The widow may have had little choice but to claim benefits at the earliest possible time, or her husband may have elected to retire early. In either of these cases, the benefits she receives are permanently reduced because of early retirement, sometimes by as much as 28.5 percent. As a result, widows age 85 and over whose benefits were reduced for early retirement received an average monthly benefit of $484 in 1990—a benefit more than $87 lower than the average benefit paid to retired workers in this 85 and over group.

S. 2038 would assist many of the neediest elderly widows and widowers. It would do this by lessening the reductions for early retirement that now apply to the benefits of many widows and widowers who are 85 years of age and older. These are individuals who have lived beyond the life expectancy on which the actuaries based the reductions, yet must continue to rely on their reduced benefits for the rest of their lives. When effective, this change will provide a permanent benefit increase averaging between $12 and $21 a month for over 400,000 of these elderly widows and widowers.

The final program change included in S. 2038 increases the amount temporary election workers can receive and still be exempt from Social Security and Medicare coverage. Many Senators have heard from their State and local governments about this issue. It was not the intent of the Social Security law to cover these workers, who often work only a few days a year. This is what can happen, however, because the current $100 a year exemption in the law is now obsolete and inadequate.

Election workers are frequently newly hired for each election, are often retirees, and this type of occasional work may be their only attachment to the work force. Their coverage would present cumbersome record keeping problems and create unnecessary costs for State and local governments. The committee bill would solve the problem by raising the exemption for election workers to $500 for the period October 1 through December 31, 1992, and to $1,000 per year beginning in 1993.

Mr. President, last year Senator BREAUX introduced S. 1342, a bill that eliminated the provision of the Social Security Act that causes so-called disabled adult children to permanently lose their Social Security and Medicare benefits when they marry individuals who are not also Social Security beneficiaries. The committee had intended that its bill include Senator BREAUX'S proposal, eliminating what we viewed as an inequitable provision of law. Unfortunately, we ran into difficulties involving interpretation of the Budget Act.

The bill that we originally reported had sufficient revenues on a unified budget basis to more than pay for the costs of the disabled adult child provision and all of its other provisions. However, now that Social Security is off-budget, there are separate on-budget and off-budget totals. Although most of the costs and revenues for this bill are on the Social Security side of the ledger, there are some costs and savings that accrue to the on-budget ledger, including costs associated with the disabled adult child provision. Initially, the committee understood that an interpretation was permitted under the Budget Act that would allow the original bill to proceed on the basis that both the off-budget and on-budget sides of the ledger were deficit-neutral. However, after ordering that bill reported, the committee learned that such an interpretation could not be guaranteed for the on-budget portion of the bill, and that a 60-vote point of order might therefore lie against the entire bill. We were with great reluctance forced to drop the disabled adult child provision from the committee bill that I am reporting today in order to assure that there is no question that the bill is in full compliance with the Budget Act.

In my view, Mr. President, with this one exception the provisions of the Finance Committee's two bills—S. 2038, which I am reporting today, and S. 33, which was reported last Friday—focus on the most urgent improvements needed in Social Security this year. We need to stabilize the percentage of earnings covered under the Social Security wage base and stop the unintended loss of revenues to the trust funds. We need to ease substantially the earnings test for beneficiaries 65 and older. It is time—in fact, long past time—to make Social Security an independent agency, as the committee has proposed in S. 33. I hope that these changes, combined with the improvements provided for needy widows and widowers, and for others, will be approved by this 102d Congress.

I ask that an explanation of the provisions of the bill be printed in the RECORD immediately following my remarks.

The material follows:

SOCIAL SECURITY AMENDMENTS OF 1992

The Finance Committee bill, entitled the "Social Security Amendments of 1992," provides that the Social Security earnings test for individuals between normal retirement age (currently age 65) and age 69 will be eased substantially, benefits for elderly widows and widowers that were subject to reductions for early retirement will be improved, and the earnings exemption from Title II and Title XVIII coverage for election workers will be increased. The costs of these provisions to Social Security in both the short and long term would be fully funded by a proposal to stabilize the percentage of wages covered under the Title II contribution and benefit base. To assure that all of the non-Social Security costs resulting from these provisions are funded, the bill also contains a provision that increases the 1993 excise tax rate for certain ozone-depleting chemicals.

EXPLANATION OF PROVISIONS

Social Security earnings test

Present Law.—Social Security beneficiaries age 70 and older receive full benefits without regard to any earnings they may have. Those under age 70 are eligible for full benefits only if their earnings are lower than the earnings test exempt amounts determined by law. In-

dividuals age 65 to 69 with higher earnings have their benefits reduced by $1 for every $3 earnings above the exempt amount.

The exempt amounts are indexed and increase annually by the rate of average wage growth in the economy. In 1992, the annual exempt amount for retirees and other beneficiaries age 65 to 69 is $10,200.

Present law provides that the dollar level of substantial gainful activity (SGA) for the blind, used in determining eligibility for disability benefits, is the same as the monthly earnings test exempt amount (i.e., one-twelfth of the annual amount) for individuals age 65 to 69. In 1992, the SGA amount is $850 per month for the blind and is $500 per month for the nonblind.

Committee Bill.—The Committee bill would increase the amount of earnings totally exempt from reduction for individuals between normal retirement age (currently age 65) and age 69 in every year from 1993 through 2001. The age 65–69 exempt amounts would be:

	Present law	Proposed change
Year:		
1993	$10,680	$11,100
1994	11,160	12,240
1995	11,640	13,560
1996	12,120	17,400
1997	12,720	21,000
1998	13,200	27,000
1999	13,920	32,040
2000	14,640	42,000
2001	15,360	51,000

Following 2001, annual indexing of the exempt amounts by the increase in average wages would resume.

In addition, starting in 1998 the rate of benefit reduction for the first $5,000 of earnings above the exempt amount would be lowered to $1 of benefits for every $4 of earnings. The present law rate of $1 for every $3 of earnings would continue to apply to earnings above that level.

The Committee bill would not change the measure of substantial gainful activity (SGA) for the blind. It would remain at the level of the age 65–69 earnings test exempt amount under present law, indexed by the annual increase in average wages.

Early retirement adjustment for elderly widows and widowers

Present Law.—The basic Social Security benefit for widows and widowers who first claim benefits at age 65 is 100 percent of the amount their deceased spouse would have received had he or she retired at age 65. However, widows and widowers are eligible to claim benefits as early as age 60. Those who claim benefits before age 65 have their basic benefit permanently reduced for every month in which they received early benefits. The reduction amounts to 5.7 percent per year, for a maximum reduction of 28.5 percent at age 60. The reduction is intended to compensate for the additional years of benefits they will receive in comparison to people who first take benefits at age 65. In addition, if the deceased spouse of a widow or widower received a reduced retirement benefit because he or she retired before age 65, the widow or widower cannot receive a benefit that exceeds the higher of the spouse's reduced benefit or 82.5 percent of the benefit the spouse would have received had he or she retired at age 65.

Committee Bill.—The Committee bill would apply only to widows and widowers age 85 and over. These are individuals whose Social Security benefits are, on average, substantially lower than the benefits paid to retirees of the same age.

Effective with benefits for September, 1993, the bill would change the reduction for those who claimed benefits before age 65 to an amount equal to 4 percent for each year of early benefits. It would also limit reduction for widows and widowers whose spouses retired early to a benefit level no lower than 90 percent of the spouse's full, age 65 benefit. Widows and widowers currently eligible for Medicaid based on their eligibility for Supplemental Security Income would retain their Medicaid eligibility, even if the increase in Social Security benefits resulting from this provision caused the loss of all SSI payments.

Coverage exemption for election workers

Present Law.—The 1990 reconciliation legislation requires State and local governments to cover under Social Security any of their employees who are not covered by a State or local government retirement program. Earlier legislation required them to cover newly hired employees under Medicare. However, other provisions of law allow State and local election workers who are paid less than $100 per year to be excluded from this coverage.

Committee Bill.—Concerns have been expressed by many States that the $100 coverage exclusion is no longer adequate to prevent Social Security and Medicare coverage of some State and local government election workers. These are often individuals who are retired.

Beginning in 1993, the Committee bill would increase the coverage exclusion so that election workers who are paid less than $1,000 per year would not be required to be covered under Social Security and Medicare. In addition, the earnings of election workers for the period October 1, 1992 through December 31, 1992 would be excluded from Social Security and Medicare coverage if they were less than $500. Earnings of under $500 in this period would not be additive to election workers' earnings earlier in the year for purposes of Social Security and Medicare coverage.

Stabilization of the contribution and benefit base

Present Law.—The amount of annual earnings subject to Social Security taxes and creditable for benefits is limited by a "contribution and benefit base." Wages and earnings in excess of the base are not subject to Social Security FICA and SECA taxes. The base is indexed by the annual rate of increase in average wages. It is $55,500 in 1992.

Reasons for Change.—The Committee is concerned that the Social Security trust funds are suffering significant, unintended losses of revenue due to a continuing decline in the percentage of wages and earnings in covered employment that are included under the contribution and benefit base. This decline is caused by the fact that the wages of high income individuals are growing at a faster rate than the rate of growth in average wages, the measure used to index the base.

The percentage of total wages in covered employment that were subject to taxation under the base was in excess of 90 percent in the early years of the Social Security program. The base was not then indexed, and over the years a series of legislated increases failed to maintain the 90 percent level of coverage. In 1977, the Congress enacted a new series of legislated base increases specifically intended to restore the base to a level that included 90 percent of total covered wages. It was expected that subsequent indexing of the base by the annual increase in average wage levels would maintain the 90 percent relationship in the future. However, the percentage of wages covered under the base fell below 90 percent in 1987, and had dropped to 88.6 percent by 1990, the last year for which actual data are presently available.

The Social Security administration estimates that between 1987 and 1991, the unintended decline of the base below the 90 percent level of wage coverage has caused the Social Security trust funds to lose approximately $25 billion in revenues. Both the Congressional Budget Office and SSA project that this decline will continue. The percentage of wages covered under the base is projected to fall to 88.5 percent in 1992 and 87.9 percent in 1997 under CBO assumptions, and to 87.4 percent in 2001 under SSA assumptions.

Committee Bill.—The Committee bill would establish an alternate indexing mechanism for the Social Security contribution and benefit base that would be used only when the average wage indexing mechanism fails to keep the percentage of wages subject to taxation under the base falling. Because the percentage of wages covered by the base is expected to continue to fall under both CBO and SSA assumptions, it is expected that this base stabilization mechanism would be used to determine the base in the years 1993–2001. It would arrest the unintended decline of the Social Security contribution and benefit base and stabilize it at 88.2 percent of wages under CBO assumptions for 1993–1997, and at 88.1 percent of wages under SSA assumptions for 1998–2001.

The decline in coverage under present law and the estimated effect of the proposal, effective in 1993, on the Social Security (OASDI) contribution and benefit base is:

	Present law		Proposed change	
	Base amount	Percent of wages covered	Base amount	Percent of wages covered
Year:				
1992	$55,500	88.5	$55,500	88.5
1993	57,900	88.2	58,200	88.2
1994	60,300	88.1	60,600	88.2
1995	63,600	88.1	64,500	88.2
1996	66,300	88.0	67,500	88.2
1997	69,300	87.9	71,100	88.2
1998	72,600	87.7	75,300	88.1
1999	76,500	87.6	79,800	88.1
2000	80,400	87.5	84,600	88.1
2001	84,600	87.4	89,700	88.1

A technical change would also be made in the current average wage indexing mechanism to add stability and make the base less subject to annual fluctuations due to arithmetic rounding. The separate, higher Medicare Hospital Insurance (HI) wage base would, as in the past, continue to be indexed by the percentages used to index the Social Security OASDI wage base.

Increase excise tax on certain ozone-depleting chemicals

Present Law.—An excise tax is imposed on certain ozone-depleting chemicals. The amount of tax is generally determined by multiplying the base tax amount applicable for the calendar year by an ozone-depleting factor assigned to the chemical. Certain chemicals are subject to a reduced rate of tax for years prior to 1994.

Between 1992 and 1995 there are two base tax amounts applicable, depending upon whether the chemicals were initially listed in the Omnibus Budget Reconciliation Act of 1989 or whether they were newly listed in the Omnibus Budget Reconciliation Act of 1990. The base tax amount applicable to initially listed chemicals is $1.67 per pound for 1992, $2.65 per pound for 1993 and 1994, and an additional 45 cents per pound per year for each year thereafter. The base tax amount appli-

cable to newly listed chemicals is $1.37 per pound for 1992, $1.67 per pound for 1993, $3.00 per pound for 1994, $3.10 per pound for 1995, and an additional 45 cents per pound per year for each year thereafter.

Committee Bill.—The bill increases the base tax amount of both initially listed and newly listed ozone-depleting chemicals by $.04 per pound for 1993 only. This increase is effective January 1, 1993 for taxable chemicals sold (or used) during calendar year 1993. Floor stocks taxes are imposed on taxable chemicals held on the effective date of the changes in the base tax amounts.

Budgetary effect of the bill

The Committee believes that the bill is in compliance with the provisions of the Budget Act. The Committee agrees with the estimates of outlays and revenues attributable to the bill that have been provided by the Congressional Budget Office. The report prepared by CBO follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 2, 1992.

Hon. LLOYD BENTSEN,
Chairman, Committee on Finance, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate of S. 2038, Social Security Amendments of 1992, that was ordered reported by the Committee on Finance on June 11, 1992. Because S. 2038 would affect direct spending and receipts, it would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM,
(for Robert D. Reischauer, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE, JULY 2, 1992

1. Bill number: S. 2038.

2. Bill title: Social Security Amendments of 1992.

3. Bill status: As ordered reported by the Committee on Finance on June 11, 1992.

4. Bill purpose: To amend the Social Security Act to improve benefits and coverage under title II, and for other purposes.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1993	1994	1995	1996	1997
Direct spending:					
Social Security (off-budget) estimated outlays	70	280	468	923	1,373
Supplemental security income (on-budget) estimated outlays	0	−5	−6	−11	−12
Total[1]	70	275	462	912	1,361
Amounts requiring appropriations:					
Social Security (on-budget) estimated outlays	7	−3	−8	−12	−21
Receipts:					
Social Security (off-budget)	93	280	504	997	1,437
Medicare (on-budget)	5	31	63	105	158
Other taxes (on-budget)	−5	−30	−57	−110	−160
Total	93	281	510	992	1,435

[1] Budget authority and outlays are equal in each fiscal year for the provisions that affect direct spending.

Note.—Off-budget and on-budget as defined in section 601(a)(1)and 607 of the Congressional Budget Act of 1974. That is, Hospital Insurance spending and revenues are on-budget, as are administrative costs of the OASDI trust funds.

Basis of Estimate: The section-by-section discussion of the budget effects of the bill follows. Only those sections with significant budget effects—more than $500,000 in any year during the 1993–1997 budget period—are included.

Section 2—Retirement Test Exempt Amount Increased: Under current law, workers eligible for Social Security benefits who are age 65 to age 69 in 1992 have some or all of the benefits withheld if their annual earnings exceed $10,200. For every three dollars of earnings above this level, benefits are reduced by one dollar. The exempt amount rises each year with the growth in average annual wages and, under the CBO's current economic projections, is expected to climb to $12,760 in 1997.

The proposed amendments would increase the exempt level to $11,100 in 1993, $12,240 in 1994, $13,560 in 1995, $17,400 in 1996, and $21,000 in 1997. The bill prescribes additional increases through the year 2001, when the exempt amount would be $51,000. These increases are projected to increase Social Security outlays by $70 million in fiscal year 1993, and by about $2.7 billion over the 1993–1997 period (See the table on the following page).

Raising the exempt amount also would reduce the administrative costs of implementing the retirement test because fewer workers would be subject to reductions or withholding of their monthly benefits. A recent estimate from the Social Security Administration (SSA) indicates that about $80 million of the $200 million annual cost of administering the earnings test is associated with those age 65 to age 69. Because the increase in the exempt amount is relatively small, the resulting savings in administrative costs are estimated to be about $2 million in 1993 and $57 million over the 1993–1997 period.

Section 5—Early Retirement Adjustments for Elderly Widows and Widowers: Under current law, widows or widowers who begin to receive benefits before reaching age 65 have their benefits reduced by 19/40 of one percent for each month they receive before reaching age 65. These reductions are capped at a maximum of 28.5 percent of the deceased spouse's primary insurance amount (PIA). There is a further limitation that the surviving spouse receive the deceased spouse's benefits (with any adjustments for early or delayed retirement), but in no instance can the survivor receive less than 82.5 percent of the deceased spouse's PTA.

This provision would lessen the actuarial adjustments (the 19/40 of one percent per month) for surviving spouses upon attainment of age 85 of ⅓ of one percent per month. In addition, the 82.5 percent limitation would increase to 90 percent at age 85. The combination of these two provisions (effective for months after August 1993) would increase Social Security benefit payments by $70 million in 1994 and by about $400 million over the 1993–1997 period. Because some of these recipients also participate in the Supplemental Security Income program, the increased Social Security benefits would result in reductions in SSI payments of about $5 million in 1994 and $34 million over the five-year period.

[By fiscal year, in millions of dollars]

	1993	1994	1995	1996	1997	5-year total
DIRECT SPENDING						
Earnings test increase to $21,000 by 1997 OASDI	70	210	380	810	1,230	2,700
Reduce actuarial reduction for widows age 85 to 4 percent annually (effective 9/93):						
OASDI	0	60	75	95	120	350
SSI	0	−5	−5	−10	−10	−30
Provision subtotal	0	55	70	85	110	320
Raise widow's limit at age 85 from 82.5 percent to 90 percent (effective 9/30):						
OASDI	0	10	13	18	23	64
SSI	0	0	−1	−1	−2	−4
Provision subtotal	0	10	12	17	21	60
Summary:						
OASDI	70	280	468	923	1,373	3,114
Other	0	−5	−6	−11	−12	−34
Total direct spending	70	275	462	912	1,361	3,080
RECEIPTS						
Rasie exemption for Election workers (Effective 10/92):						
OASDI	−15	−15	−15	−15	−15	−75
Medicare	−3	−3	−3	−3	−3	−15
Subtotal	−18	−18	−18	−18	−18	−90
Income Tax offset	2	2	2	2	2	10
Provision Subtotal	−16	−16	−16	−16	−16	−80
Stabilize Share of wages subject to OASD HI Payroll Taxes:						
OASDI	108	295	519	1,012	1,452	3,386

[By fiscal year, in millions of dollars]

	1993	1994	1995	1996	1997	5-year total
HI	8	34	66	108	161	377
Subtotal	116	329	585	1,120	1,613	3,763
Income tax offset	−12	−33	−58	−112	−162	−377
Provision subtotal	104	296	527	1,008	1,451	3,386
Increase Excise tax on Certain Ozone Depleting chemicals	5	1	−1	0	0	5
Summary:						
OASDI	93	280	504	997	1,437	3,311
HI	5	31	63	105	138	362
Other taxes	−5	−30	−57	−110	−160	−362
Total receipts	93	281	510	992	1,435	3,311
AMOUNTS SUBJECT TO APPROPRIATION						
Earnings test increase:						
Estimated authorization level	−2	−5	−10	−15	−25	−57
Estimated outlays	−2	−5	−10	−15	−25	−57
Widow increases at age 85:						
Estimated authorization level	9	2	2	3	4	20
Estimated outlays	9	2	2	3	4	20
Summary:						
Estimated authorization level	7	−3	−8	−12	−21	−37
Estimated outlays	7	−3	−8	−12	−21	−37

[1] Budget authority and outlays are equal in each fiscal year for the provisions that affect direct spending.

The changes in the surviving spouse's benefits at age 85 would entail recomputations effective with the September 1993 benefit for an estimated 410,000 recipients. Because most of these recomputations can be undertaken through rewriting portions of the computer programs that calculate benefits, the vast majority would be handled on an automated basis, although a few would still require manual calculations. The CBO estimates the additional resources required for the recomputations would total $9 million in 1993 and about $20 million over the five-year period.

Section 6—Increase Exemption for Election Workers: Election workers paid less than $100 per year are, at state option, generally exempt from paying Social Security and Hospital Insurance (HI) payroll taxes. This provision would increase this earnings exclusion to $500 in October 1992 for the remainder of 1992, and to $1,000 for years after 1992.

The revenue loss for this provision would amount to $16 million in 1993 and $80 million over five years. The $80 million revenue loss is the net of OASDI tax reductions of $75 million, HI tax reductions of $15 million, and increased income taxes of $10 million.

Section 7—Modification of the Contribution and Benefit Base: Section 7 would permit an alternative method to index the Social Security and HI contribution and benefit base. These elements limit both Social Security benefits and payroll taxes for Social Security and HI. Under current law, both the contribution and benefit bases are adjusted for wage growth by an average wage index. Under S. 2038, an alternative indexing method would be used if it results in a higher base. The base for any year after 1992 would equal the 1992 base of $55,550 multiplied by the higher of the average wage index for the year prior to the year of determination (for example, the year of determination for 1993 is 1992) divided by the average wage index in 1990, or by the percentage taxable index for the prior year to the year of determination divided by the 1990 base ($51,300). The percentage taxable index, which is defined in the bill, is calculated as the base wage amount such that the percentage of covered wages for a given future year subject to Social Security payroll taxes would stabilize. The CBO estimates this percentage to be 88.2 percent. Also, as under current law, the HI contribution and benefit base will be increased annually by the same percentage as the Social Security bases. This provision would increase net revenues by an estimated $104 million in 1993 and $3,386 million over the 1993–1997 period.

Section 8—Increase Excise Tax on Certain Ozone-Depleting Chemicals: Under current law, an excise tax is imposed on certain ozone-depleting chemicals, with differing rates for chemicals initially listed in the Omnibus Reconciliation Act of 1989 and for chemicals first listed in the Omnibus Reconciliation Act of 1990. Beginning in 1995, the tax rate will be the same for all listed chemicals.

S. 2038 would increase the tax rate in calendar year 1993 by $0.04 per pound for taxable chemicals old or used. The CBO concurs with the estimate of the Joint Committee on Taxation that the provision would increase net revenues by $5 million in 1993, and the same amount for the 1993–1997 period.

8. Pay-as-you-go considerations: The Budget Enforcement Act of 1990 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. Although Social Security outlays and revenues are specifically excluded from the pay-as-you-go calculations, S. 2038 also would affect Supplemental Security Income, Hospital Insurance revenues, and other federal revenues. These effects are displayed in the table below:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995
Change in outlays	0	0	−5	−6
Change in receipts	0	0	1	−6

8. Estimated cost to State and local government: Several provisions of the bill would affect the spending by state governments. The provisions increasing widows benefits would reduce the SSI supplements that many states pay the elderly and disabled.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Paul Cullinan and Maureen Griffin.

12. Estimate approved by: C.G. Nuckols, Assistant Director for Budget Analysis.●

BALANCED BUDGET AMENDMENT

● Mr. BIDEN. Mr. President, I rise to direct my colleagues' attention to the apparently clear and uncomplicated language of section 7 of the balanced budget amendment now before us. It states, and I quote, "Total receipts shall include all receipts of the United States Government except those derived from borrowing."

As obvious as this simple declarative sentence may seem, it contains a hidden timebomb. Hidden in that definition is the fact that under the proposed amendment, contributions to the Social Security trust fund—indeed, to all of our Government's dedicated trust funds—will be counted, under the Constitution of the United States, as part of the budget of the Federal Government.

Surpluses in those funds, used to cover Social Security and other claims that will come due in the next century, will be counted against current spending, masking the true extent to which our real annual income does not match our annual expenditures.

Mr. President, as part of the 1990 budget enforcement agreement, we decided not to count dedicated Social Security funds as part of the overall budget. We decided that it was dishonest to count against current spending the money collected through Social Security contributions that was intended by law for individual workers' future retirement plans and other needs.

Despite the mistrust and alienation that mark Americans' attitudes toward their Government today, there is one program, Mr. President, that retains the trust of our citizens: the Social Security system. Ironically, under the guise of mandating courage and honesty in budgeting, the balanced budget amendment before us hides the true size of deficits behind the hard-earned funds that our citizens have placed in the Social Security retirement account and other dedicated trust funds.

In 1997, when this proposed amendment could come into effect, the so-called surplus in the Social Security system for that year alone will be $110 billion. If we include all other trust funds, for military and other Federal retirement programs, there will be re-

serves of $158 billion. On paper, the constitutional definition of the deficit under the proposed amendment would be $236 billion, when in fact the actual Federal funds deficit is estimated to be $395 billion.

In other words, this amendment will make the Federal deficit in 1997 appear 40 percent smaller that it actually will be. That means a total of $488 billion in spending cuts or tax increases over the next 5 years that will be postponed into the next century.

This amendment postpones the goal of a balanced budget by using dedicated trust fund reserves, funds that will have to be replaced in the next century. Far from protecting our children, this amendment virtually guarantees that we will continue to paper over budget imbalances, putting off real choices to an undetermined future date.

The day will come, Mr. President, when we will have to replace the funds that we borrow today from those trusts. When today's workers reach retirement age, in a little over 20 years, they will find that, under the terms of this amendment, we will have been counting their retirement funds as current income.

This year, a total of $280 billion is carried on the books of the Treasury as due to the Social Security system. If we were to count this year's share of that total under the terms of this amendment, our Federal deficit would appear to be $53 billion less than it actually is.

By the year 2015, when the baby boomer generation looks to the Social Security system for retirement and other needs, that part of the Federal debt owed to the Social Security system will total over $1.7 trillion. But, under the proposed amendment, we will have constitutional permission to use these funds over the intervening years to make our annual budgets appear to be in balance. In the end, however, after the legal claims of today's workers are paid out, we will have to raise taxes or default on obligations to the very children and grandchildren the advocates of this amendment claim they want to protect.

Of course, we cannot simply put the reserves from Social Security and other trust funds into the cookie jar or under the mattress. Some suggest that we should commit the reserves from those funds to the essential task of rebuilding our Nation's neglected infrastructure and to make other needed investments in our country's future. However, this is a matter for another debate. Whatever we do, we should not claim to be balancing our budgets while we continue to incur future obligations to Social Security and other trust funds.

Mr. President, during the past decade, as Federal deficits have exploded, I have called for dramatic action to rein our budget deficits. In 1984, I proposed, with Senators KASSEBAUM, GRASSLEY, and BAUCUS, a freeze on Federal spending. At that time, our deficit was $185 billion, less than half the anticipated shortfall for this year. A freeze, while putting a severe cap on spending, would have preserved Congressional priorities in the budget.

As it turned out, a majority of both parties voted against our freeze proposal. The shift of priorities away from domestic social needs continued, and the national debt continued to grow.

The following year, we again submitted our budget freeze proposal; again, a majority of both parties passed up the opportunity to control spending while preserving congressional priorities. That same year the Senate failed to invoke cloture on a proposal for a line-item veto, a plan I favored to place greater responsibility on the President in the budget process.

Last year, as chair of the Judiciary Committee, I supported sending Senator SIMON's proposed amendment to the Senate floor, in the hope of fostering further debate on this crucial issue. At the time, however, I made clear in the committee report that the amendment had serious problems.

I argued at that time that the proposed amendment threatened a major shift of budget impoundment powers to the President. I also noted that it lacked clear enforcement provisions; the result of this ambiguity will be to throw the Federal budget into the court system. Ultimately, the courts will have to decide how to reconcile conflicts over Federal revenue and spending. This amendment will unhinge the constitutional separation of powers on the crucial issue of the power of the purse, in effect establishing a new set of constitutional relations among the branches of Government.

The consequences of this change, therefore, go far beyond the issue of budget deficits. Are we really prepared to launch into such a radical rewriting of our basic charter? Mr. President, this amendment aims at a runaway budget process, but it misses its mark by using the trust funds to mask the deficit.

Its real impact will be on the very heart of the American political system, a system of checks and balances that is enshrined in our Constitution and that has served our Nation well for over 200 years. This is not the reform we so clearly need to restore honesty and balance to the Federal budget.•

WOMEN AND ILLITERACY

• Ms. MIKULSKI. Mr. President, on this day honoring the goal of literacy for all Americans, I rise to call attention to the particular problems women face as a result of being unable to read. As we all know, the key to success in our Nation lies in education. Without education, a woman is at risk of living in poverty, and of never breaking that cycle.

But she is not alone—lacking the level of reading and math skills to function in everyday life, a woman cannot help her children to obtain these skills that are such a crucial part of succeeding in our society; and cannot earn the kind of living she needs to support her children. With these threats, today's children could become tomorrow's illiterate and impoverished adults. No one wants to see that happen, which is why the attention women's illiteracy deserves, must not be overlooked.

It is no secret that women face a greater struggle in earning a living above the poverty level than men. The glass ceiling still exists for women, and women lacking education are more at risk of living in poverty than their male counterparts. This is obvious in the fact that 75 percent of female heads of household without a high school diploma live in poverty, compared to 34 percent of men in the same situation.

If we are to break the cycle of poverty for women and increase their competitiveness in the workplace, we must provide them the with basic reading and math skills to earn a decent income for themselves and their children. In the process, we can help to secure the future of their children, keeping them out of the vicious cycle of poverty they face without such help.•

• Mr. CRAIG. Mr. President, in the debate this body had over the balanced budget amendment to the Constitution over the last couple weeks, those of us who supported the amendment did so, in part, because of the unconscionable debt with which the generation running the government is saddling our children. The Federal Government has been running amok on a 30-year spending spree, and most of the bills are going to be sent to our children.

Just this week, I received a letter from a 13-year-old young man in Salmon, ID, that proves what many of us have suspected: The next generation is getting wise to what our generation is doing to them. I would like to read that letter:

SALMON, IDAHO.

LARRY CRAIG,
U.S. Senator,
Senate Office Building, Washington, DC.

SENATOR CRAIG: I would like to know how large has our national deficit grown? I know each year our government spends much more than it receives; what will the deficit be this year?

Senator, why can our government spend more than they receive when I can't do that with my checking account or the business that I might have some day?

Senator, if the deficit is important to the economy, why isn't it the number one issue in this year's campaign?

Could you please answer some of these questions for me?

Sincerely,

RYAN ARFMANN.

Mr. President, I am despairing about just how to answer Ryan Arfmann's pointed and poignant questions. So I am asking my colleagues for help, for their ideas in coming up with some responsible answers.

How do I tell Ryan that, as of Wednesday, June 30, he owes the Government's creditors $15,513.01? That's a $15,513.01 debt that he did nothing to incur. Our generation did that for him, accumulating 89 percent of that debt over the last 30 years and 82 percent of it since 1977. That is how much he owes on the debt that has already been accumulated, and does not count the approximately $7,700 in additional debt that CBO estimates we will incur for Ryan over the next 5 years.

I do not know Ryan—he wrote to me as a Citizenship in the Nation merit badge project—but I understand how he is going to feel when he gets the answers to the questions in his letter.

We called his father to get permission to read his letter into the RECORD and found out that Ryan just opened his first checking account last year. He already understands what it takes to balance a checkbook. How do we explain to him that, before he will be old enough to vote, Ryan's portion of the national debt will be more than $23,000?

And we are only talking about the average amount of the debt assigned to every man, woman, and child in America. As a practical matter, those who are further along in life—I heard one colleague mention the term "chronologically advantaged" the other day—will bear less of that debt burden. Someone of Ryan's age will wind up paying off about twice as much of the national debt, through some combination of higher taxes, a lower standard of living, and a Government that accomplishes less and less because more and more of the budget is eaten up with interest payments.

Ryan and his siblings operate a shaved ice business, a lemonade-stand-type of enterprise, I am told, and he expects to own his own business someday. It is obvious that he has a much more profound understanding than most Members of Congress of how profligate spending and borrowing imperils the goose of free enterprise that lays the golden eggs of good living standards.

And why is it, Ryan asks, that the deficit is not the No. 1 issue in this year's campaign?

I know at least one of the many reasons: Over just the last 2 weeks, when some of my colleagues sought to bring this issue to the floor, in the form of the balanced budget amendment, we were told, "It's a waste of our time; the House has already decided the fate of that amendment this year; we need to get on with the 'real business' of the Senate."

I submit, Mr. President, that we were discussing the real business of the Senate when we tried to bring up the balanced budget amendment.

I wish I could write Ryan and say: "Congress has just passed an amendment to the Constitution requiring that we start balancing the budget; I expect three-fourths of the States to ratify it soon. I am happy to report that the Congress is already hard at work on a bill making other changes in the law to phase the deficit down to zero by 1998."

I am bitterly disappointed that I could not write that letter to Ryan. But, you know, I at least could have understood it if I would have had to write, instead: "We have honest differences of opinion here in the U.S. Senate and, on a direct vote on the balanced budget amendment, 34 Senators voted "no," because they did not think that amending the Constitution was the way to attack this problem. However, the debate on this amendment has brought the issue of the deficit to the forefront and the Congress is now hard at work on a bill making other changes in the law to phase the deficit down to zero by 1998."

But I cannot write either of those letters. And I dread the idea of writing about filibusters and cloture votes, and about how some Senators said it was a dead issue this year but will not be a dead issue next year, and how the balanced budget amendment "just did not come up under the right procedure."

In short, I do not know how I can write Ryan and tell him how the Senate killed the balanced budget amendment and make it sound like the Senate operates on a planet where there is intelligent life.

I know one thing I will not say, although this was the answer some of my colleagues were suggesting during the balanced budget amendment debate: I will not write, "The Senate can't really do anything; write the President instead, and ask him to lead."

I am not suggesting that we let this President, or the last one, or the one before that, off the hook. But I am not going to let anyone take Congress off the hook, either. There is plenty of blame to go around, among the President and Congress, Democrats and Republicans, the House and Senate. We all share the responsibility to lead and the failures of the system that have produced $400 billion deficits and $4 trillion in debt.

I see in yesterday's Congress Daily that, over in the other body, the Speaker, minority leader, Budget Committee chairman, and other budget leaders are meeting to discuss deficit reduction options to put forward this year. The House Budget Committee has been holding hearings and been meeting to actively discuss such packages. Who is at the table over there? The leading supporters and the leading opponents of the balanced budget amendment—both sides, putting their efforts where their mouths were.

Now I wonder, am I supposed to write to Ryan and say, "You know the Senate; besides waiting for the President to lead, we are also waiting for the House of Representatives to lead."

Mr. President, that is not why I became a Senator: To be part of a Senate that just sits on the curb waiting for the President or the House to happen by and take us in tow. But that is exactly the attitude I heard ad nauseam on this floor over the last 2 weeks: "The problem is Presidential leadership," and "the House has already voted on the balanced budget amendment."

If I sound angry, Mr. President, it is because I am. After two failed cloture votes led to the withdrawal of the balanced budget amendment for the remainder of this year, I walked back to my office trying to look at it philosophically: We made a good effort, and next year the Judiciary Committee will report out the amendment again, and then we will bring it to the floor under a different procedure and have a better chance.

But then, Mr. President, I read this young man's letter, and the more I thought about it, the angrier I got. And even more so, I am frustrated—frustrated with those who would rather retreat into excuses of how impotent this body is rather than try to lead us out of this deficit mess. This Senator's suggestion for the first step is and has been an effective and flexible balanced budget amendment. I invite those who disagree to step forward with an alternative plan that they really expect to become law.

In the meantime, I invite my colleagues who have ideas on how I can answer Ryan Arfmann's questions to share them with me. To do so will be in your own best interest, because every one of you has a Ryan Arfmann in your State, beginning to realize the mess our generation and our Government has created for him or her, and ready to ask you these same questions. In fact, there are millions of Ryan Arfmanns in our children's generation who will be demanding answers from all of us in this body, in very short order.●

THE MERGER OF PHOENIX MUTUAL AND HOME LIFE

● Mr. DODD. Mr. President, for more than 140 years, as a significant employer, a business leader and a respected corporate citizen, Phoenix Mutual Life Insurance Co. has been an important part of Connecticut.

With home office locations in Hartford and Enfield, the Phoenix has contributed to the State's economic well-being and stability. It is a company that has grown over the years, and the region has benefited from that growth.

As a mid-sized mutual life insurance company, the Phoenix has benefited the people of the region in other ways. Its quality products and services have

been purchased by more than 87,000 people in Connecticut.

Late last year, the Phoenix announced its intentions to merge with Home Life Insurance Co. of New York, a merger that is effective yesterday, July 1, 1992. The result, Phoenix Home Life Mutual Insurance Co. is the 12th largest mutual life insurance company, with assets under management in excess of $16 billion.

The citizens of Connecticut welcome a larger and even stronger company that has pledged to continue to be a major employer in the region and a good corporate citizen.●

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to the provisions of Senate Concurrent Resolution 102 (102d Congress), appoints the following Senators to the Joint Congressional Committee on Inaugural Ceremonies: the Senator from Maine [Mr. MITCHELL], the Senator from Kentucky [Mr. FORD], and the Senator from Alaska [Mr. STEVENS].

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 4355(a), appoints the following Senators to the Board of Visitors of the U.S. Military Academy: the Senator from Nevada [Mr. REID], from the Committee on Appropriations; the Senator from Alabama [Mr. SHELBY], from the Committee on Armed Services; the Senator from New York [Mr. D'AMATO], from the Committee on Appropriations; and the Senator from Montana [Mr. BURNS], at large.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 9355(a), appoints the following Senators to the Board of Visitors of the U.S. Air Force Academy: the Senator from Nebraska [Mr. EXON], from the Committee on Armed Services; the Senator from South Carolina [Mr. HOLLINGS], from the Committee on Appropriations; the Senator from Mississippi [Mr. COCHRAN], from the Committee on Appropriations; and the Senator from Mississippi [Mr. LOTT], at large.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 6968(a), appoints the following Senators to the Board of Visitors of the U.S. Naval Academy: the Senator from Maryland [Ms. MIKULSKI], from the Committee on Appropriations; the Senator from Maryland [Mr. SARBANES], at large; the Senator from Oregon [Mr. HATFIELD], from the Committee on Appropriations; and the Senator from Arizona [Mr. MCCAIN], from the Committee on Armed Services.

ORDERS FOR MONDAY, JULY 20, 1992

Mr. FORD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand adjourned until 2 p.m., Monday, July 20; that when the Senate reconvenes on Monday July 20, the Journal of proceedings be deemed to have been approved to date; the call of the calendar be waived, and no motions or resolutions come over under the rule; and that the morning hour be deemed to have expired; I further ask unanimous consent that following time for the two leaders there then be a period for morning business not to extend beyond 3 p.m., with Senators permitted to speak therein for up to 10 minutes each.

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

THANKS TO STAFF

Mr. SIMPSON. Mr. President, I wish to thank the staff on both sides of the aisle for a long day and their splendid work. It is indeed grueling for all, but particularly so for them.

Mr. FORD. It is always nice to have someone there to make the wheel turn.

ADJOURNMENT UNTIL MONDAY, JULY 20, 1992, AT 2 P.M.

Mr. FORD. If there is no further business to come before the Senate today, I now move that the Senate adjourn under the provisions of House Concurrent Resolution 343, until 2 p.m. Monday, July 20.

There being no objection, the Senate, at 11:16 p.m., adjourned until Monday, July 20, 1992, at 2 p.m.

NOMINATIONS

Executive nominations received by the Senate July 2, 1992:

THE JUDICIARY

ILANA DIAMOND ROVNER, OF ILLINOIS, TO BE UNITED STATES CIRCUIT JUDGE FOR THE SEVENTH CIRCUIT VICE HARLINGTON WOOD, JR., RETIRED.

JOHN PHIL GILBERT, OF ILLINOIS, TO BE UNITED STATES DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF ILLINOIS VICE JAMES L. FOREMAN, RETIRED.

DEPARTMENT OF STATE

MARY C.PENDLETON, OF VIRGINIA, A CAREER MEMBER OF THE FOREIGN SERVICE, CLASS ONE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF MOLDOVA.

MACK F. MATTINGLY, OF GEORGIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF SEYCHELLES.

THE JUDICIARY

RICHARD CONWAY CASEY, OF NEW YORK, TO BE UNITED STATES DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF NEW YORK, VICE ROBERT W. SWEET, RETIRED.

DEPARTMENT OF ENERGY

JOHN J. EASTON, JR., OF VERMONT, TO BE AN ASSISTANT SECRETARY OF ENERGY (DOMESTIC AND INTERNATIONAL ENERGY POLICY).

DEPARTMENT OF STATE

STANLEY TUEMLER ESCUDERO, OF FLORIDA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF TAJIKISTAN.

KENT N. BROWN, OF VIRGINIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF GEORGIA.

THE JUDICIARY

LARRY R. HICKS, OF NEVADA, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF NEVADA VICE EDWARD C. REED, JR., RETIRED.

JOHN W. SEDWICK, OF ALASKA, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF ALASKA VICE ANDREW J. KLEINFELD, ELEVATED.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 2, 1992:

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

SHIRLEY GRAY ADAMOVICH, OF NEW HAMPSHIRE, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 1996.

NATIONAL SCIENCE FOUNDATION

RICHARD NEIL ZARE, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR THE REMAINDER OF THE TERM EXPIRING MAY 10, 1992.

F. ALBERT COTTON, OF TEXAS, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 1998.

CHARLES EDWARD HESS, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 1998.

JOHN HOPCROFT, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 1998.

JAMES L. POWELL, OF PENNSYLVANIA, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 1998.

FRANK H.T. RHODES, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 1998.

RICHARD NEIL ZARE, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 1998.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

HUGH HARDY, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE ARTS FOR A TERM EXPIRING SEPTEMBER 3, 1996.

PAUL A. CANTOR, OF VIRGINIA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

JOSEPH H. HAGAN, OF MASSACHUSETTS, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

THEODORE S. HAMEROW, OF WISCONSIN, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

ALICIA JUARRERO, OF MARYLAND, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

ALAN CHARLES KORS, OF PENNSYLVANIA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

CONDOLEEZZA RICE, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

JOHN R. SEARLE, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

BRUCE COLE, OF INDIANA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 1998.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

JOYCE A. DOYLE, OF NEW YORK, TO BE A MEMBER OF THE FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION FOR A TERM OF SIX YEAS EXPIRING AUGUST 30, 1998.

U.S. INSTITUTE OF PEACE

MAX M. KAMPELMAN, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE U.S. INSTITUTE OF PEACE FOR A TERM EXPIRING JANUARY 19, 1995.

CHRISTOPHER H. PHILLIPS, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE U.S. INSTITUTE OF PEACE FOR THE REMAINDER OF THE TERM EXPIRING JANUARY 19, 1993.

DEPARTMENT OF STATE

WILLIAM CLARK, JR., OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AN ASSISTANT SECRETARY OF STATE.

ROBERT L. BARRY, OF NEW HAMPSHIRE, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF INDONESIA.

DAVID C. FIELDS, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-

COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF THE MARSHALL ISLANDS.

PRINCETON NATHAN LYMAN, OF MARYLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF SOUTH AFRICA.

JOSEPH CHARLES WILSON IV, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE GABONESE REPUBLIC, AND TO SERVE CONCURRENTLY WITHOUT ADDITIONAL COMPENSATION AS AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE DEMOCRATIC REPUBLIC OF SAO TOME AND PRINCIPE.

JOSEPH MONROE SEGARS, OF PENNSYLVANIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF CAPE VERDE.

ROBERT L. GALLUCCI, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF STATE.

KENNETH L. BROWN, OF CALIFORNIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF GHANA.

FRANK G. WISNER, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE UNDER SECRETARY OF STATE FOR COORDINATING SECURITY ASSISTANCE PROGRAMS.

CHARLES B. SALMON, JR., OF NEW YORK, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE LAO PEOPLE'S DEMOCRATIC REPUBLIC.

IRVIN HICKS, OF MARYLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE DEPUTY REPRESENTATIVE OF THE UNITED STATES OF AMERICA IN THE SECURITY COUNCIL OF THE UNITED NATIONS, WITH THE RANK OF AMBASSADOR.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

ALISON PODELL ROSENBERG, OF VIRGINIA, TO BE AN ASSISTANT ADMINISTRATOR OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

CORPORATION FOR PUBLIC BROADCASTING

RITAJEAN HARTUNG BUTTERWORTH, OF WASHINGTON, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING MARCH 26, 1997.

AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE U.S. AIR FORCE TO THE GRADE OF BRIGADIER GENERAL UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 624:

To be brigadier general

COL. KURT B. ANDERSON, xxx-xx-xxxx REGULAR AIR FORCE.
COL. WILLIAM J. BEGERT, xxx-xx-xxxx REGULAR AIR FORCE.
COL. ALLEN D. BUNGER, xxx-xx-xx... REGULAR AIR FORCE.
COL. ROGER E. CARLETON, xxx-xx-xxxx REGULAR AIR FORCE.
COL. JOHN P. CASCIANO, xxx-xx-xx... REGULAR AIR FORCE.
COL. JAMES S. CHILDRESS, xxx-xx-xxxx REGULAR AIR FORCE.
COL. WILLIAM J. DONAHUE, xxx-xx-xxxx REGULAR AIR FORCE.
COL. MARVIN R. ESMOND, xxx-xx-xxxx REGULAR AIR FORCE.
COL. BOBBY O. FLOYD, xxx-xx-xx... REGULAR AIR FORCE.
COL. GEORGE A. GRAY, III, xxx-xx-xxxx REGULAR AIR FORCE.
COL. JEFFREY R. GRIME, xxx-xx-xxxx REGULAR AIR FORCE.
COL. JOHN W. HAWLEY, xxx-xx-xx... REGULAR AIR FORCE.
COL. WILLIAM S. HINTON, JR., xxx-xx-xxxx REGULAR AIR FORCE.
COL. WALTER S. HOGLE, JR., xxx-xx-xxxx REGULAR AIR FORCE.
COL. CLINTON V. HORN, xxx-xx-xx... REGULAR AIR FORCE.
COL. HAL M. HORNBURG, xxx-xx-xx... REGULAR AIR FORCE.
COL. DENNIS K. HUMMEL, xxx-xx-xxxx REGULAR AIR FORCE.
COL. ROBERT G. JENKINS, xxx-xx-xxxx REGULAR AIR FORCE.
COL. LEONARD F. KWIATKOWSKI, xxx-xx-xxxx REGULAR AIR FORCE.
COL. LANCE W. LORD, xxx-xx-xx... REGULAR AIR FORCE.
COL. STEPHEN C. MANNELL, xxx-xx-xxxx REGULAR AIR FORCE.
COL. MICHAEL J. MCCARTHY, xxx-xx-xxxx REGULAR AIR FORCE.
COL. THOMAS R. MIKOLAJCIK, xxx-xx-xxxx REGULAR AIR FORCE.
COL. GEORGE W. NORWOOD, xxx-xx-xxxx REGULAR AIR FORCE.
COL. RICHARD R. PAUL, xxx-xx-xx... REGULAR AIR FORCE.
COL. DONALD L. PETERSON, xxx-xx-xxxx REGULAR AIR FORCE.
COL. RICHARD H. ROELLIG, xxx-xx-xxxx REGULAR AIR FORCE.
COL. DAVID A. SAWYER, xxx-xx-xx... REGULAR AIR FORCE.
COL. ERVIN C. SHARPE, JR., xxx-xx-xxxx REGULAR AIR FORCE.
COL. THOMAS A. TWOMEY, xxx-xx-xxxx REGULAR AIR FORCE.
COL. DAVID L. VESELY, xxx-xx-xx... REGULAR AIR FORCE.
COL. JOHN L. WELDE, xxx-xx-xx... REGULAR AIR FORCE.
COL. JOHN R. WORMINGTON, xxx-xx-xxxx REGULAR AIR FORCE.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. WALTER KROSS, xxx-xx-xx... U.S. AIR FORCE.

ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. WILLIAM W. CROUCH, xxx-xx-x... U.S. ARMY.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. JERRY R. RUTHERFORD, xxx-xx-xx... U.S. ARMY.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be general

LT. GEN. DAVID M. MADDOX, xxx-xx-x... U.S. ARMY.

THE FOLLOWING NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be general

GEN. CROSBIE E. SAINT, xxx-xx-xx... U.S. ARMY.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. SAMUEL E. EBBESEN, xxx-xx-xx... U.S. ARMY.

THE FOLLOWING NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

LT. GEN. WILLIAM S. CARPENTER, JR., xxx-xx-xxxx U.S. ARMY.

THE FOLLOWING NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

LT. GEN. JOHN J. YEOSOCK, xxx-xx-xx... U.S. ARMY.

THE FOLLOWING NAMED OFFICER FOR APPOINTED TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. JAMES R. ELLIS, xxx-xx-xx... U.S. ARMY.

MARINE CORPS

THE FOLLOWING NAMED OFFICER UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 601, FOR REASSIGNMENT TO A POSITION OF IMPORTANCE AND RESPONSIBILITY AS FOLLOWS:

To be lieutenant general

LT. GEN. HENRY C. STACKPOLE, III, xxx-xx-xx..., USMC.

THE FOLLOWING NAMED OFFICER UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 601, FOR ASSIGNMENT TO A POSITION OF IMPORTANCE AND RESPONSIBILITY AS FOLLOWS:

To be lieutenant general

MAJ. GEN. NORMAN E. EHLERT, xxx-xx-x..., USMC.

THE FOLLOWING NAMED OFFICER TO BE PLACED ON THE RETIRED LIST UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be lieutenant general

LT. GEN. ROBERT J. WINGLASS, xxx-xx-xx..., USMC.

NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 601 AND 5035:

To be vice chief of naval operations

To be admiral

VICE ADM. STANLEY R. ARTHUR, U.S. NAVY, xxx-xx-x...

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be admiral

VICE ADM. HENRY H. MAUZ, JR., U.S. NAVY, xxx-xx-x...

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. EDWARD M. STRAW, SUPPLY CORPS, U.S. NAVY, xxx-xx-x...

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. TIMOTHY W. WRIGHT, U.S. NAVY, xxx-xx-x...

THE FOLLOWING NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF VICE ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

VICE ADM. WILLIAM A. OWENS, xxx-xx-x..., U.S. NAVY.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. (SELECTEE) THOMAS J. LOPEZ, xxx-xx-x..., U.S. NAVY.

THE FOLLOWING NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be vice admiral

VICE ADM. JAMES G. REYNOLDS, U.S. NAVY, xxx-xx-x...

THE FOLLOWING OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. (LH) NORMAN W. RAY, U.S. NAVY, xxx-xx-xx...

THE FOLLOWING NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be admiral

ADM. LEON A. EDNEY, U.S. NAVY, xxx-xx-x...

THE FOLLOWING NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF ADMIRAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be admiral

ADM. PAUL D. MILLER, U.S. NAVY, xxx-xx-x...

THE FOLLOWING NAMED OFFICER TO BE PLACED ON THE RETIRED LIST IN THE GRADE INDICATED UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 1370:

To be admiral

ADM. JOHATHAN T. HOWE, U.S. NAVY, xxx-xx-x...

IN THE AIR FORCE

AIR FORCE NOMINATIONS BEGINNING MAJOR MILTON E. AMES JR., xxx-xx-xx... AND ENDING MAJOR MICHAEL A. REOTT, xxx-xx-x... WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 13, 1992.

AIR FORCE NOMINATIONS BEGINNING MAJOR RONALD E. BAKER, xxx-xx-xxxx AND ENDING MAJOR LESLIE D. DYSARD, xxx-xx-xxxx WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 13, 1992.

AIR FORCE NOMINATIONS BEGINNING ABRAHAM A. ENGLEBERG, AND ENDING KEITH R. GABRIEL, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 19, 1992.

AIR FORCE NOMINATIONS BEGINNING MERRITT G. DAVIS, JR, AND ENDING SHOBHA SEM, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 2, 1992.

AIR FORCE NOMINATIONS OF LT. COL. BRIAN DUFFY, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 2, 1992.

AIR FORCE NOMINATIONS BEGINNING SHIRLEY A EUBANKS, AND ENDING BERNARD J STROUTH, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 2, 1992.

AIR FORCE NOMINATIONS BEGINNING RAY C ADAMS, JR, AND ENDING BRUCE L UPTON, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 2, 1992

AIR FORCE NOMINATIONS BEGINNING LYLE E ALLEN, AND ENDING CAROL M THOMAS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 11, 1992.

AIR FORCE NOMINATIONS BEGINNING MAJOR TERRY N. ALLEN, 520–52–8617, AND ENDING MAJOR MICHAEL R. HARRIS 545–62–9810, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 11, 1992.

IN THE ARMY

ARMY NOMINATIONS BEGINNING THURMAN C. ATKINSON, JR., AND ENDING PHILIP W. NUSS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE ON JANUARY 22, 1992, AND APPEARED IN THE CONGRESSIONAL RECORD OF JANUARY 24, 1992. [LIST REPORTED AND CONFIRMED MINUS ONE NAME: LEROY WEYRICK III, 459–80–3008]

ARMY NOMINATIONS BEGINNING HECTOR L. ACEVEDO, AND ENDING LEWIS F. ZERFOSS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JANUARY 22, 1992 [LIST REPORTED AND CONFIRMED MINUS ONE NAME: LARRY R LEIBROCK, 214–50–6450]

ARMY NOMINATIONS BEGINNING BRIAN W. ADAMS, AND ENDING DONALD E. WIRTH, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MARCH 18, 1992.

ARMY NOMINATIONS BEGINNING FRANCISCO B. IRIARTE, AND ENDING * DANIEL L. HOSSBACH, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF APRIL 28, 1992.

ARMY NOMINATIONS BEGINNING MARY T. DEARDORFF, AND ENDING ROBERT W. PIPKIN, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 19, 1992.

ARMY NOMINATIONS BEGINNING ROBERT C. HUGHES, JR., AND ENDING LARRY F. WILSON, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 19, 1992.

ARMY NOMINATION OF GARY V. CASIDA, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 4, 1992.

ARMY NOMINATIONS BEGINNING JAMES T. CARPER, AND ENDING KEITH W. WEAVER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JUNE 11, 1992.

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS OF THE MARINE CORPS FOR PERMANENT APPOINTMENT TO THE GRADE OF COLONEL UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

RICHARD D ALLEN, xx...
JAMES R BATTAGLINI, xx...
ROBERT A BEAUDOIN, xx...
CHARLES D BENNETT, xx...
THOMAS L BLICKENSDERFER, xx...
DAVID R BLOOMER, xx...
ROBERT B JR BLOSE, xx...
JAMES L SR BOOKER, xx...
JOHN F BOULDRY, xx...
WILLIAM G III BOWDON, xx...
WILLIAM L BOWLING, xx...
MICHAEL H BOYCE, xx...
DARRELL A BROWNING, xx...
THOMAS A CAUGHLAN, xx...
STEPHEN A CHENEY, xx...
JAMES P CHESSUM, xx...
JOHN S CIPPARONE, xx...
WAYNE A CLEMMER, xx...
ROBERT S COHEN, xx...
RAYMOND COLE, xx...
JOSEPH COMPOSTO, xx...
LARKIN E CONATSER, xx...
KEVIN A CONRY, xx...
MICHAEL A COULMAN, xx...
WALDO B JR CUMMINGS, xx...
WILLIAM C DARNER, xx...
MELVIN W JR DEMARS, xx...
HENRY M DENTON, xx...
ROBERT C JR DODT, xx...
CHARLES W DORMAN, xx...
PETER A DOTTO, xx...
THOMAS E DUNKELBERGER, xx...
JAMES M DURHAM, xx...
JAN M DURHAM, xx...
JAMES B EGAN, xx...
JAMES M II EICHER, xx...
ROBERT M FLANAGAN, xx...
TIMOTHY M GAHAN, xx...
JOHN M GAUTREAUX, xx...
JOHN F GOODMAN, xx...
JOSEPH P JR GORDON, xx...
VINCENT J JR GOULDING, xx...
BARRY P GRIFFIN, xx...
RANDALL B HAGLUND, xx...
WILLIAM L HAMMERLE, xx...
MARK K HAYDEN, xx...
JEFFREY F HAMLER, xx...
CARL M HERDERING, xx...
TIMOTHY J HIMES, xx...
RICHARD P JR HOBBS, xx...
JOHN D HOLDSTEIN, x...
RICHARD A HUCK, xx...
RICHARD B INGHRAM, x...
RICHARD L KELLY, xx...
MICHAEL M KEPHART, xx...
PIERCE R KING, xx...
STEPHEN J JR LABADIE, xx...
JOHN H LANGDON, xx...
LEE F II LANGE, xx...
JAMES A LASSWEL, xx...
ROBERT N LEAVITT, xx...
JAMES D LENARD, xx...
DAVID C LITCHFIELD, xx...
LAWRENCE A MACHABEE, x...
HAROLD J MAHER, x...
RICHARD A MALONEY, xx...
DENNIS C MCBRIDE, xx...
KEVIN J MCHALE, xx...
ROBERT G MELLON, xx...
OTTAVIO J MILANO, x...
JOHN R MILLS, xx...
JAMES R MORRIS, xx...
CLIFFORD O III MYERS, xx...
DENNIS K OBERHELMAN, xx...
JAMES P ODONNELL, xx...
MICHAEL L OLSON, xx...
RICHARD L OWEN, xx...
CRUZ PARDO, xx...
RALPH E JR PARKER, xx...
WILLIAM H PARRISH, xx...
JOHN F PETTINE, xx...
MARK B PIZZO, xx...
RAYMOND L POLAK, xx...
JOSEPH J RIGGIO, x...
JOHN F SATTLER, xx...
RICHARD Y SHINTANI, xx...
CLYDE H SLICK, xx...
BRYON E SMITH, x...
MICHAEL H SMITH, xx...
WILLIE T SNOW, xx...
JOHN B SOLLIS, xx...
CURTIS B SOUTHWICK, xx...
WILLIAM R SPAIN, xx...
GRANT M SPARKS, xx...
CHRISTOPHE B STOOPS, xx...
JAMES N STROCK, xx...
LYNN A STUART, xx...
JONATHAN W STULL, xx...
LEONARD M SUPKO, xx...
DAVID J TURNER, xx...
GUY M VANDERLINDEN, xx...
GERALD J VARELA, xx...
JOHN H WAGNER, xx...
WILLIAM A WHITLOW, xx...
JIMMY L WHITSON, x...
JOHN D WINCHESTER, x...

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS OF THE MARINE CORPS FOR PERMANENT APPOINTMENT TO THE GRADE OF LIEUTENANT COLONEL UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

BRUCE A ALBRECHT, xx...
JOHN R ALLEN, xx...
MICHAEL F APPLEGATE, xx...
ROY A ARNOLD, xx...
DOUGLAS F ASHTON, xx...
WILLIAM S BARKLEY, JR., xx...
DAVID L BARRACLOUGH, x...
JOHN R BATES, xx...
RONALD D BEAN, xx...
JAMES C BECK, xx...
DAVID L BEEMAN, xx...
WAYNE C BELL, xx...
KATHLEEN G BERGERON, xx...
BRUCE E BISSETT, xx...
MICHAEL J BLAINE, xx...
DAVID F BONWIT, xx...
CHARLES E BOYD, xx...
RUSSELL A BROOKS, xx...
ROY D BRYANT, x...
DAVID L BULAND, xx...
JOSEPH F BURANOSKY, xx...
WILLIAM M BURGESS, xx...
MARK A CAGIANO, xx...
ANDREW H CAMPBELL, II, xx...
PAUL S CARIKER, xx...
JACK P CARTER, JR, xx...
ROXANNE W CHENEY, xx...
PAUL C CHRISTIAN, xx...
LOUIS J CIPRIANI, JR, xx...
ROBERT A COATES, xx...
MELVIN L COCHRAN, xx...
RUSSELL W COLMAN, JR, x...
THOMAS L CONANT, xx...
JOSEPH E CONNELL, III, xx...
KAREN L CORBETT, xx...
RONALDO A COULTER, xx...
MICHAEL S CRAIG, xx...
DONALD G CROOM, xx...
ROBERT F CURTIS, xx...
DOUGLAS A DARLING, xx...
ROBERT G DAVID, JR, xx...
DAVID R DEAN, xx...
JOSEPH J DEFRANCO, xx...
JAMES E DERDEYN, x...
CHARLES E DOLEJS, xx...
JOHN P DONATO, xx...
DOYLE G DOUGLAS, xx...
GLEN W DUNCAN, xx...
RICHARD H DUNNIVAN, xx...
ALFRED W ELLIS, III, xx...
PHILIP J EXNER, xx...
ALLIE C FELDER, III, xx...
BARRY R FETZER, xx...
GEROLD J FLOTTE, xx...
HAROLD H FOX, II, xx...
EUGENE J FRASER, xx...
THOMAS E FULTZ, xx...
WILLIAM H GAFFNEY, xx...
TIMOTHY M GASKINS, xx...
JOSEPH B GILBERT, xx...
TIMOTHY R GOLIKE, xx...
KEVIN L GORDON, xx...
STANTON R GOULD, xx...
JEFF D GRELSON, xx...
TERRY W GRIFFIN, xx...
GERALD M HAMMES, xx...
MYRON L HAMPTON, xx...
JACK R HARKINS, JR, xx...
THOMAS A HEFFNER, xx...
MARK S HELGESON, xx...
DOUGLAS C HERRINGTON, x...
ROBIN L HIGGINS, xx...
PAUL R HILL, xx...
TERRY L HILL, xx...
CHARLES A HODGES, xx...
WILLIAM M HOFFMAN, xx...
DANNY L HOGG, x...
OTIS L HOLLAR, II, xx...
WILLIAM P HOLLERICH, xx...
JAMES E HUNTER, JR, xx...
PHILLIP R HUTCHERSON, xx...
DENNIS J JACKSON, JR, xx...
MARY V JACOCKS, xx...
JOHN M JAGIELSKI, xx...
KEVIN P JANOWSKY, xx...
LARRY E JELLISON, xx...
ROBERT L JENKINS, JR, xx...
WILLIAM C JOHNSON, xx...
WILLIAM F JOHNSON, xx...
JAMES L JOHNSTON, xx...
DAVID L JONES, JR, xx...
JERRI L JONES, xx...
KEVIN B JORDAN, xx...
DENNIS JUDGE, xx...
GEORGE H KEATING, xx...
RICKI A KELISH, xx...
BRUCE R KELLY, xx...
TIMOTHY J KIRK, xx...
FREDERICK J KLAUSER, xx...
MARVIN A KNORR, JR, xx...
ROBERT F KUHLOW, xx...
JOHN C LADD, xx...
MARCJUS L LENDERMAN, x...
ROLAND J LEVESQUE, JR, xx...
ROBERT W LIVINGSTON, xx...
JAMES M LOWE, xx...
AARON R MADDOX, x...
BRON N MADRIGAN, xx...
MICHAEL A MALACHOWSKY, x...
RONALD V MALDONADO, xx...
GEORGE P MANDIS, xx...
GARY L MCCLURE, xx...
A V MCCOY, JR, xx...
JOHN R MILES, xx...
STEVEN C MILLER, xx...
PAUL T MOFFETT, xx...
JOHN S MOORE, xx...
RICHARD S MOORE, xx...
JOE W MORRIS, xx...
MATT R MORRISON, xx...
GARY E MUELLER, xx...
GEORGE E MUELLER, JR, xx...
ARTHUR L NALLS, JR, xx...
THOMAS E NICOLL, xx...
KELLEY J NIELSEN, xx...
THOMAS J NIELSEN, xx...
MARK H OCONNOR, x...
WILLIAM F OHARA, JR, xx...
ALLEN E OLIVER, xx...
RENE P ORTIZ, xx...
HARRY A PAGE, xx...
GRAIG T PATRANO, xx...
MARTIN D PEATROSS, xx...
FRANK D PELLI, xx...
ROSS D PENNINGTON, xx...
NICHOLAS C PETRONZIO, xx...
DIMAS PINZON, JR, xx...
CHRISTOPHE D PLATT, xx...
HAROLD E POOLE, SR, xx...
MARTIN POST, xx...
JOSEPH G RADZIKOWSKI, xx...
THOMAS D RANKIN, xx...
JAMES R REETZ, xx...
DENNIS W REILLY, xx...
STEPHEN C ROBB, xx...
MASTIN M ROBESON, xx...
WAYNE D ROBINSON, x...
BONNIE J ROBISON, xx...

LEWIS W ROLLINS, xx...
BENNETT W SAYLOR, xx...
JOHN F SCHEINER, xx...
HOWARD P SCHICK, x...
ROBERT E SCHMIDLE, JR., xx...
DANIEL C SCHULTZ, xx...
ELLETT M SMITH, xx...
PAUL SOFRANAC, x...
JACK K SPARKS, JR., xx...

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS OF THE MARINE CORPS FOR PERMANENT APPOINTMENT TO THE GRADE OF MAJOR UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

EDUARDO ACOSTA, x...
SCOTT R ADAMS, xx...
WILLIAM T AKANA, xx...
MARTIN S ALMQUIST, xx...
KENNETH W AMIDON, xx...
ROBERT V AMIRANTE, xx...
MICHAEL B ANDERSON, xx...
TRUMAN D ANDERSON, JR., xx...
STEVEN J ANDREWS, xx...
LYLE O ARMEL, III, xx...
TERRY R ARMSTRONG, xx...
JOEL K ASHINHURST, xx...
MICHAEL L BAKER, xx...
STEPHEN C BAKER, x...
STEVEN J BAKER, xx...
MARK D BALLINGER, xx...
TIMOTHY M BARNES, x...
MAUREEN A BASHAM, xx...
MITCHELL A BAUMAN, xx...
FRANK C BAYNARD, JR., xx...
MICHAEL A BERMUDEZ, xx...
KENNETH D BEST, xx...
STUART C BETTS, xx...
KENNETH L BEUTELL, xx...
DONALD F BIEDERMANN, JR., x...
WAYNE W BIEMOLT, xx...
WILLIAM L BLAIR, II, xx...
MARK C BLAYDES, xx...
PAULA M BOGDEWIC, xx...
ROBERT G BONSIGNORE, xx...
DANIEL D CARY, xx...
ROBERT H CHASE, JR., xx...
DARLENE A BRABANT, xx...
JAMES R BRADEN, xx...
THOMAS C BRADEN, xx...
MARK A BRILAKIS, xx...
JAMES M BROCKMANN, xx...
DAVID E BROOKS, xx...
LORIN K BROWN, x...
MARLON F BROWN, xx...
MARLON F BROWN, xx...
RONALD E BROWNING, xx...
DONALD S BRUCE, xx...
NEIL K CADWALLADER, xx...
JAMES E CALLAWAY, xx...
STEPHEN J CAMERON, xx...
ERIC H CARLSON, xx...
THOMAS P CARMODY, xx...
GREGORY A BOYLE, xx...
DANIEL J CHOIKE, xx...
MARK G CIANCIOLO, xx...
LISA M CICCHINI, xx...
MARK A CLARK, xx...
ROBERT D CLINTON, xx...
RAYMOND E COIA, xx...
PETER B COLLINS, xx...
RICHARD D COLVARD, xx...
CHARLES J COOGAN, xx...
ALAN D COPELAND, xx...
ROBERT A CREEDON, I, xx...
ANN L CRITTENDEN, xx...
JOHN P CROOK, x...
KENNETH E CROSBY, JR., xx...
STEPHEN W CROWELL, xx...
FRANCIS X CUBILLO, xx...
JAMES C CUMMISKEY, xx...
MARK R CYR, xx...
JOSEPH H DAAS, xx...
MARTIN E DAHL, x...
PETER K DAHL, xx...
DOUGLAS J DAILY, xx...
JAMES R DALEY, xx...
MICHAEL G DANA, xx...
MICHAEL R DARNELL, x...
JOSEPH D DAUPLAISE, xx...
CARL E DAVIS, xx...
PETER B DAVIS, xx...
STEPHEN W DAVIS, xx...
JAMES A DAY, xx...
GERALD A DEPASQUALE, xx...
WILLIAM J DEVLIN, xx...
KEVIN M DEVORE, xx...
JAMES A DIXON, xx...
DEREK J DONOVAN, xx...
GARY C DOWNEY, xx...
THOMAS B DOWNEY, xx...
EDWARD J DUFFY, xx...
JOHN D DULLE, xx...
CHARLES R DUNLAP, xx...
BASCOM D EAKER, x...
CHRISTOPHE M EKMAN, x...
CHRISTOPHE H ELLIS, xx...
OWEN W ENGLANDER, xx...
LEO A FALCAM, JR., x...
LESLYE J FALCAM, xx...
JOSEPH L FALVEY, JR., xx...
JOHN M FARLEY, x...
RONNIE J FARMER, xx...
ALLAN M FAXON, JR., xx...
TIMOTEO R FIERRO, JR., xx...
DEAN E FISH, xx...
JOHN A FORQUER, xx...
DAVID G FRITZ, xx...
STEVEN H FUTCH, xx...
DANIEL P GANNON, xx...
JOHN C GAUTHIER, xx...
BART R GENTRY, xx...
STEVEN J GOTTLIEB, xx...
WILLIAM R GRACE, xx...
GLEN C GRAHAM, xx...
JACOB L GRAHAM, x...
DAVID S GREENBURG, xx...
KENNETH C GRENIER, xx...
PAUL D GRENSEMAN, xx...
JUDY A GRETCH, x...
ERIC W GUENTHER, xx...
CARL A GUMPERT, JR., x...
ELLEN K HADDOCK, xx...
KEVIN J HAGENBUCH, xx...
JAMES E HALL, xx...
JEFFREY A HALTERMAN, xx...
STEVEN P HAMMOND, xx...
SCOTT P HANEY, xx...
DONALD K HANSEN, x...
DANIEL F HARRINGTON, xx...
KATHLEEN V HARRISON, xx...
RICHARD M HASEY, xx...
KIP J HASKELL, xx...
MICHAEL G HAWKINS, xx...
MICHAEL R HENDERSON, xx...
JOHN E HICKEY, III, x...
PAUL K HILTON, xx...
MARK P HINES, xx...
JOLENE L HOLLINGSHEAD, xx...
STEVEN E HOLMES, x...
ERIC C HOLT, xx...
DAVID K HOUGH, x...
KIRK W HOWARD, x...
JERRY D HOWELL, x...
CHARLES L HUDSON, xx...
TIMOTHY H HUETE, xx...
CHARLES G. HUGHES, II, xx...
DAVID W HUNT, xx...
THOMAS R HUNT, xx...
RONALD P IRICK, x...
CHARLES H JAY, xx...
ERIC P JOHNSON, xx...
ROBERT E JOHNSON, xx...
RONN C JOHNSON, x...
MATTHEW D JONES, xx...
RAY JONES, xx...
STANLEY J JOZWIAK, x...
DANIEL P KAEPERNIK, xx...
JAMES A KAZIN, xx...
CHRISTIAN J KAZMIERCZAK, xx...
MICHAEL J KEEGAN, xx...
ROBERT G KELLY, x...
PARRY P KEOGH, xx...
CAROL A KETTENRING, xx...
TIMOTHY J KIBBEN, xx...
DOUGLAS M KING, xx...
EDWIN T KING, x...
MARK A KING, xx...
DAVID M KLUEGEL, xx...
JAMES J KNELL, xx...
EDWIN L KOEHLER, JR., xx...
DONNA J KRUEGER, x...
MARCIA A KUEHL, x...
STEPHEN G LEBLANC, xx...
WILLIAM P LEEK, xx...
WILLIAM G LEFTWICH, III, xx...
MICHAEL E LEWIS, xx...
FREDERIC W LICKTEIG, xx...
DANIEL E LIDDELL, xx...
BRADLEY C LINDBERG, xx...
GREGORY E LOCKE, xx...
KENNETH C LYLES, xx...
JACK A MABERRY, xx...
BRUCE D MACLACHLAN, xx...
MYRON J MAHER, JR., xx...
DAVID A MAHONEY, x...
JAMES C MALLON, xx...
LESLIE C MARSH, x...
NICHOLAS J MARSHALL, xx...
JAMES B MARTINEZ, JR., xx...
ROBERT A MARTINEZ, x...
TIMOTHY P MASSEY, xx...
PETER D MATT, xx...
CAROL A MCBRIDE, xx...
PETER T MCCLENAHAN, xx...
RONALD E MCGEE, xx...
MARK D MCMANNIS, x...
PETER B MCMURRAN, xx...
JEFFREY G MEEKS, xx...
LAWRENCE D MEYER, xx...
MICHEAL G MILLER, xx...
PAMELA D MILLER, xx...
RALPH F MILLER, xx...
RICHARD A MINOR, xx...
JAMES G MITCHELL, JR., xx...
WILLIAM R MITCHELL, xx...
STEVEN B MOLINE, xx...
JOSEPH MOLOFSKY, xx...
MICHAEL F MORGAN, xx...
EDWARD J MOSS, xx...
DENIS P MULLER, x...
KEVIN J NALLY, xx...
DAVID A NEESEN, x...
RONALD G NEILSON, xx...
WALTER L NIBLOCK, xx...
JAMES D ODWYER, xx...
JAMES G OHAGAN, xx...
JOHN C OKEEFE, xx...
DAVID P OLSEN, xx...
KURT S OWERMOHLE, xx...
STANLEY A PACKARD, x...
STEVEN J PARKER, xx...
DINO PEROS, xx...
DANIEL J PETERS, xx...
STEVEN R PETERS, xx...
CHARLES A PETERSON, xx...
ILDEFONSO PILLOTOLIVE, II, xx...
MARK W PLACEY, xx...
JAMES J POLETO, JR., xx...
CARL R PORCH, xx...
MICHAEL D PORTER, xx...
RUSSEL O PRIMEAUX, xx...
JOSEPH D PROVENZANO, III, xx...
FRANCIS R QUIGLEY, xx...
THOMAS A QUINTERO, xx...
JOHN P RAYDER, xx...
JON W REBHOLZ, xx...
MICHAEL F REINEBERG, x...
JAMES A REISTRUP, xx...
HARRIET S REYNOLDS, xx...
GREGORY J RHODES, xx...
DAVID M RICHTSMEIER, xx...
JEFFREY S RINGHOFFER, xx...
NEIL R RINGLEE, xx...
DAVID R ROBB, x...
HERBERT M ROBBINS, xx...
JAMES A ROBERTS, xx...
JOSEPH M ROCHA, xx...
MICHAEL J RODERICK, xx...
THOMAS C ROSKOWSKI, x...
JAMES E ROSS, xx...
JOSE D ROVIRA, xx...
DAVID D ROWLANDS, xx...
ROBERT R RUARK, xx...
ROBERT G SALESSES, xx...
DONALD W SAPP, xx...
BRADFORD M SARGENT, xx...
CLARK J SCHIFFER, xx...
RICHARD W SCHMIDT, JR., xx...
ALAN D SCHROEDER, x...
SUE I SCHULER, xx...
MARK E SCHWAN, x...
VERNON C SCOGGIN, xx...
JOHN C SEIBEL, xx...
JEFFREY M SENG, xx...
JOHN M SESSOMS, xx...
SCOTT E SHAW, x...
ROBERT E SHELOR, xx...
JEFFREY R SHERMAN, xx...
JOHN L SHISSLER, III, xx...
JOHN E SHOOK, xx...
MICHAEL A SHUPP, x...
MARK A SINGLETON, xx...
GARY E SLYMAN, xx...
BRENT A SMITH, xx...
MICHAEL J SMITH, xx...
TIMOTHY R SNYDER, xx...
ROBERT G SOKOLOSKI, xx...
ALFRED C SOTO, xx...
VICTOR F SPLAN, xx...
DAVID F STADTANDER, xx...
THOMAS A STAFSLIEN, xx...
GLENN T STARNES, xx...
TIMOTHY B STARRY, xx...
TERRY D STEELE, xx...
THOMAS N STENT, xx...
VINCENT R STEWART, xx...
DOUGLAS M STILWELL, xx...
JOHN P STIMSON, xx...
ARNOLD E STOCKHAM, xx...
ANTHONY J STOCKMAN, xx...
CHRISTOPHE L STOKES, xx...
JAY A STOUT, xx...
PETER J STRENG, xx...
MARK H STROMAN, xx...
JOSEPH A SUGGS, x...
JOHN M SULLIVAN, JR., xx...
JOSEPH L SULLIVAN, x...
STEVEN S SUTZ, x...
GREGORY H SWAIN, xx...
ELIZABETH A SWEATT, xx...
ROLAND C SWENSEN, xx...
TIMOTHY N SZENDEL, xx...
NATHAN C TABBERT, xx...
TERRENCE S TAKENAKA, xx...
JAMES J TAYLOR, xx...
LLOYD G TETRAULT, xx...
ROBERT A THIBERVILLE, xx...
MICHAEL D THYRRING, xx...
JEFFREY P TOMCZAK, xx...
JAMES R TRAHAN, xx...
BRADLEY R TRIEBWASSER, xx...
RONALD E TUCKER, xx...
MARK W VANOUS, x...
EDWARD E VAUGHT, xx...
PETER S VERCRUYSSE, xx...
SUSAN C VISCONAGE, xx...
ANDREW L VONADA, x...
TIMOTHY J WAGAR, xx...
DONALD A WALTER, xx...
PETER M WALTON, xx...
LEAH B WATSON, xx...
JOHN M WEBB, xx...
KEVIN W WEBER, x...
NATHAN O WEBSTER, xx...

JOHN F WEIGAND, XX...
TIMOTHY C WELLS, XX...
DAVID H WESSNER, XX...
JOHN R WEST, XX...
MARK E WHITED, XX...
SAMUEL T WIDHALM, XX...
GARY D WIEST, XX...
KEITH R WILKES, XX...
JOHN N WILLIAMS, JR., XX...
MARTIN J WRIGHT, X...
GORDON D YATES, XX...
PAUL R YORIO, XX...
STEVEN R ZESWITZ, XX...

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS OF THE MARINE CORPS RESERVE FOR PERMANENT APPOINTMENT TO THE GRADE OF COLONEL UNDER TITLE 10, UNITED STATES CODE, SECTION 5912:

ROBERT J AGRO, XX...
ALAN L ALDRICH, XX...
RICHARD G AVERITT, III, XX...
RICHARD R BARNETT, XX...
JOHN M BARR, II, XX...
JOHN W BERGMAN, XX...
RAYMOND O BLUM, XX...
CLIFFORD A BRAHMSTADT, XX...
MATTHEW R CAMBPELL, X...
WILLIAM A CAMPBELL, JR., XX...
TIMOTHY J CARNEY, XX...
JOHN E CODREA, XX...
FRANCIS L COLLINS, III, XX...
ROBERT M DANIEL, XX...
WILLIAM R DANIEL, X...
JAMES W DARE, XX...
PETER A DOLAN, JR., XX...
DAVID D DZARA, XX...
STEPHEN M ENGLEHARDT, XX...
BILL J ENGLISH, XX...
ALAN E FABISZAK, XX...
PHILLIP F FARGOTSTEIN, XX...
GEOFFREY B FELTNER, XX...
DANIEL R FOLEY, XX...
MICHAEL J FORD, XX...
RODNEY A FORD, JR., XX...
MICHAEL J FURHRMANN, XX...
JAMES R GILL, XX...
JIMMIE W GLENN, XX...
JAMES D GORIAN, X...
WILLIAM D GRIER, II, XX...
ROBERT L GRUBER, XX...
NATHAN S HALL, X...
STEPHAN A HANVEY, X...
MICHAEL W HENIG, XX...
CHARLES R HOBBS, XX...
DOLORES K HOFFMAN, XX...
HUGH J HOLLOMAN, XX...
WILLIAM D HOSMER, JR., XX...
JAMES R HUOVINEN, XX...
JOHN W JANDORA, XX...
DAVID C KURNER, XX...
RONALD W LARSON, X...
CLINTON R LISTON, XX...
WILLIAM C LOOP, XX...
JOSEPH H MAHONEY, XX...
GERALD A MARACCHINI, XX...
EMIL H MESSIKOMER, III, XX...
SPENCER M MORROW, XX...
DAVID C MOYNIHAN, XX...
CHARLES T MUSE, XX...
ARNOLD E MYHRA, XX...
PAUL H PARILLA, XX...
THOMAS J PITMAN, XX...
JAMES T RAGSDALE, XX...
ROBERT D RAINES, XX...
KURT B REDFERN, XX...
JAMES E REIER, XX...
HARRY S RIDDICK, JR., XX...
EUGENE A RITTI, XX...
JOHN R ROE, XX...
JAMES M ROSEN, XX...
JOSEPH E SAWYER, JR., XX...
ROBERT W SCHIMMEL, XX...
COURTNEY C SCHRON, XX...
RICHARD N SHUCK, XX...
GARY R SLONE, XX...
EARL R SMITH, XX...
FRANKLIN B SMITH, XX...
WALTER H SMITH, JR., XX...
FRANCIS M STEC, XX...
JAN P THOMAS, X...
PATRICK J TRAY, XX...
MARTIN R VANDENBROOK, XX...
GERALD A VIANELLO, XX...
LEO V WILLIAMS, III, XX...
LESLIE K WILLIAMS, XX...
ROBERT D WITHERS, XX...

IN THE MARINE CORPS

MARINE CORPS NOMINATIONS BEGINNING THOMAS P ADISSI, AND ENDING JOHN S PAYNE, II, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 19, 1992.

IN THE NAVY

THE FOLLOWING-NAMED COMMANDERS IN THE LINE OF THE NAVY FOR PROMOTION TO THE PERMANENT GRADE OF CAPTAIN, PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 624, SUBJECT TO QUALIFICATIONS THEREFORE AS PROVIDED BY LAW:

UNRESTRICTED LINE OFFICERS

To be captain

ANDREW J ALLEN
DAVID ARCHITZEL
CLAUDIA LYNN BAILEY
THOMAS ALLAN BAKER
CHARLES MICHAEL BENN
ROBERT EUGENE BESAL
JOSE LUIS BETANCOURT, JR
ROBERT KEVIN BLANCHARD
DANIEL DAVID BOGDEWIC
JEFFREY LEE BOROFF
JAMES MICHAEL BRICK
MICHAEL JOSEPH BRINKAC
DAVID KEARNEY BROWN
BRUCE LYNN BULLOUGH
ROBER LOUIS BUSCHMANN
JAMES PAUL BUTLER
WARREN LEE CALDWELL, JR
JAMES ANTHONY CAMPBELL
LEONARD WILLIAM CAPELLO
LARRY JAMES CARTER
WILLIAM CHARLES CASTAN, JR
LEROY WINDSOR CHAPPLE
SUSANLEE PORTER CLEMENTS
ROBERT BARTLETT COOK, JR
WILLIAM ECKFORD COOK, JR
WILBUR ORLEAN COOKE, JR
ROBERT PAUL COONAN
LEWIS WOMACK CRENSHAW, JR
MARK ADREN CRIM
JAMES KILPATRICK CROSS
ORREN RAYBURN CROUCH
PAUL WILLIAM DAHLOUIST
THOMAS FRANCIS DARCY
MICHAEL ARTHUR DAVIDSON
JAMES COPELAND DAY
DENNIS ROSS DEAN
RONALD DEAN DEERING
FRANCIS DOMINICK DEMASI
STANLEY ALVIN DENHAM
JOHN CHARLES DEVLIN
JOHN FREDERICK DOHSE
STEPHEN EDWARD DONLON
STEPHEN LEE DRAKE
MICHAEL EDWARD DUFFY
BRUCE E DUNSCOMBE
MARK JACKSON EDWARDS
KENNETH LEE EICHELBERGER
ALAN YANCY ETTER
JAMES MARVIN EVANS
WILLIAM BARTON EVERS
MARK STEVEN FALKEY
KEVIN JAMES FERGUSON
JEFFREY ALLEN FISCHBECK
MICHAEL JOSEPH FITZSIMMONS
JOHN JOSEPH FLANAGAN, III
MICHAEL ELMO FLENNIKEN
JEFFREY LEE FLOOD
JOHN FIELDING FORD
DONALD ANDREW FRAHLER
FRANK MICHAEL GALLIC
PATRICK MARTIN GARRETT
WALLACE LEONARD GAVETT, JR
MICHAEL WARREN GEARHART
DONALD GENE GEIGER
EDWARD CHARLES GEIGER
GRECORY LAWRENCE GERARD
WILLIAM JOHN GERKEN
DENNIS MICHAEL GILLESPIE
BRENT BAKER GOODING
FREDERICK DAVID GORRIS
THOMAS HENRY GORSKI
JOSEPH JEFFERY GROSEL
JAMES C. GROVER
CAROL ANN HARRINGTON
JAMES DANIEL HARRIS
THOMAS FREDERICK HARTRICK
ALLISON CURTIS HAYES
THOMAS MATHER HAYES
DAVID WARREN HEARDING
CHARLES JAMES HEATLEY III
EDWARD RICHARD HEBERT
PAUL BARRETT HENNESSY
JOSEPH FERDINAND HERGER
PAUL MICHAEL HIGGING
CLARENCE EBBERT HILL
PHILIP GARY HOBBS
HUBERT DENNING HOPKINS, JR
ROBERT HENRY HOWE
JOHN HRENKO, JR
DAVID LEON JACKSON
DAVID EARL JARVIS
THOMAS MICHAEL JASKUNAS
CHARLES SCOTT JOHNSON
GARLAND RUSSELL JOHNSON, JR
DOUGLAS WAYNE KEITH
THOMAS MORKEN KEITHLY
JOHN MICHAEL KELLY
GENE ROGER KENDALL
DENNIE JAMES KERN
LAWRENCE VERNE KESTER
ROBERT LEE KIMMEL
GEORGE FINLEY KINDEL
KENDALL JAMES KING
DAVID RYAN KOHLER
ANTHONY JOSEPH KOPACZ
ROBERT BRADLEY LAMBERT
THOMAS CONLEY LANG
LINDA MARY LENTZ
LAWRENCE ANTHON LEWANDOWSKI
JAMES JOSEPH LOBUE
STEPHEN JOHN LOGUE
VINCENT JOSEPH LYNCH
STANLEY JOHN MACK
KENNETH THOMAS MARION
WILLIAM JAMES MARSHALL
COLIN LESLIE MARTIN
LEE CHARLES MASON II
MONTY GUWAIN MATHEWS
RONALD DEAN MCELRAFT
LEO FRANCIS MCGINN, JR
THOMAS ROSS MCGRATH
HUGH NEWTON MCWILLIAMS
WILLIAM ANTHONY MEELEY, JR
DANIEL HARRY MEYER
JOHN GREGORY MEYER
JOHN EARL MEYERS
JAMES BRENDON MORIN, JR
DENNIS GILBERT MORRAL
WILLIAM DENTON MORRIS
JOHN WALTER MULLARKY
CHARLES LYNDSEY MUNNS
DAVID EDWARD MYERS
CHARLES WILLIAM NEIHART, JR
LARRY WAYNE NELMS
JOHNNIE FRANK NEMEC
DOD ALAN NESTOR
ALAN MCLEOD NIBBS, JR
DAVID CHARLES NICHOLS, JR
LARRY REGAN PAPINEAU
ROBIN M. PARKER
LUTRELLE FLEMING PARKER, JR
ROBERT DALE PARLET
ROBERT PAUL PERRY
DONALD EUGENE PETERS
JON CHRISTOPHER PETERS
RICHARD MERLE PETERSEN
RUSSELL AMES PICKETT
ROGER ALLAN PIERCE
RAY C. PILCHER, JR
KENNETH ALAN POORMAN
RANDALL DILLS PRESTON
CAROLYN VIRGINIA PREVATTE
MICHAEL LEON PRICE
THOMAS KING QUIGLEY
THOMAS FRANCIS RADICH
ROBERT HOWELL RANKIN
JAMES DANA RICHARDSON
JOHN DAVID FREDERIC ROBERTS
JAMES ERNEST ROGERS
DAVID CAMPBELL ROLLINS
CHRISTIAN ROBER RONDESTVEDT
DONALD JACK SANTAPAOLA
MICHAEL SARRAINO
CHARLES RICHARD SCHMIDT
JONATHAN BLAKE SCHMIDT
WESLEY HENRY SCHMIDT, JR
DAVID ALAN SCHNEEGAS
DOROTHY ELLEN SCHOTT
RICHARD EDWARD SCHUKNECHT
PAUL STEWART SCHULTZ
DAVID ALAN SCHWIERING
BRUCE BOB SCOTT
ROBERT PETER SCOTT
ROBERT JOHN SCOTT
SIEGFRIED LEE SHALLES
ERIC BRUCE SHAVER
JOHN DAMON SHAW
JON VINCENT SHAY
MURAT SHEKEM
PAUL SHEMELLA
PAUL GARFIELD SHERLAND
ROGER RAYMOND SHERWOOD
ROBERT BISHOP SHIELDS
GLENNON LAMBERT SIEVE
RICHARD ALLAN SILVERS
GEORGE LOUIS SKIRM, III
MARY GRACE HEAGNEY SMART
DALE OGLESBY SNODGRASS
WILLIAM LESTER SNYDER
BRUCE ERIC SONN
MONTE ARTHUR SQUIRES
ELMER LAWRENCE J. STANDRIDGE
RICHARD ROBERT STARK
TERRY MICHAEL STARK
SCOTT LESLIE STEELE
ROBERT CARROLL STEPHENS
WALTER WADE STEPHENSON
DANIEL NICHOLAS STEWARD
LLOYD THOMAS STITES, JR
JAMES BENJAMIN STONE, JR
RICHARD HOWARD STRINGER
LLOYD FRANCIS KNAPP SWIFT
RUSSELL ERIC TATE
PAUL EDWIN TAYLOR
ALAN DOUGLAS THOMSON
JOHN ALVYN TILLRY, JR
PETER EWALD TOENNIES
GARY PAUL TORNATORE
JOHN WILLIE TOWNES, III
ROBERT JOSEPH TRABONA
TIMOTHY JOSEPH TRAVERSO
HENRY GEORGE ULRICH, III
EUGENE FRANCIS URICOLI
TED JEFFREY VENABLE
CHARLES SCOTT VOGAN, JR
JAMES CONANT VOTER
ALLAN DAVID WALL
JOHN JOSEPH WARD, JR
ALEXANDER YOUNG WATT, JR
DAVID WARD WEDDEL
GREGORY LOUIS WEDDING

DENNIS RALPH WHEELER
WILLIAM GARY WHEELER
RONALD ALLEN WILEY
DALLAS GEORGE WILFONG, III
JOSEPH BROOKS WILKINSON, JR
WILLIAM ROBERT WILLIAMS
THOMAS JOSEPH WILSON, III
DENNIS LEE WORLEY

ENGINEERING DUTY OFFICERS

To be captain

DALE ERIC BAUGH
ALAN JEFFREY BROWN
JOHN LEO CUZZOCREA
MICHAEL JOHN DALEY
JAMES PATRICK DUNN, JR
FREDERICK ROBERT HABERLANDT
GARY GEORGE MAHLE
JOHN TALBOT MANVEL, JR
LARRY LEROY MAYES
WILLIAM DONALD NEEDHAM
PAUL JEROME VIC OLECHNOVICH
WARREN LEIGH ROBERTS
WILLIAM RICHARD RUBEL
GREGORY BENSON SANFORD

AEROSPACE ENGINEERING DUTY OFFICERS (ENGINEERING)

To be captain

ALFRED GORDON HUTCHINS, JR
JAMES KEVIN MCDERMOTT
RICHARD GENE ZAJICEK

AEROSPACE ENGINEERING DUTY OFFICERS (MAINTENANCE)

To be captain

FREDERICK ALLEN BRAMAN
DAVID MICHAEL CUTTER
RICHARD THOMAS MACON
RICHARD DOUGLAS TIPPS

SPECIAL DUTY OFFICERS (CRYPTOLOGY)

To be captain

GREGORY RICHARD BLACKBURN
WILLIAM RUSSELL BRINKMANN
MICHAEL GORDON KETRON
KENNETH WESLEY KUEHNE
KAREN ANN LAINO
ALEXANDER AYWARD MILLER
RICHARD PATRICK ONEILL

SPECIAL DUTY OFFICERS (INTELLIGENCE)

To be captain

RICHARD COLIN BARKELL
MARTIN EDWIN COLLINS
WILLIAM CLARENCE HIRST, JR
FRANK BOULWARE KELLY
CHARLES THOMAS MAURO
TERRY LYNN MEEK
RICHARD BRUCE PORTERFIELD
RICHARD THOMAS SMITH
ROBERT WOODBRIDGE USTICK, II
ROBERT ALAN UTTERBACK

SPECIAL DUTY OFFICERS (PUBLIC AFFAIRS)

To be captain

CHARLES DEREK SMITH
TIMOTHY BARLOW TAYLOR

SPECIAL DUTY OFFICERS (OCEANOGRAPHY)

To be captain

KENNETH EICHER BARBOR
JOHN GEORGE HUGHES
FRED CORWIN KLEIN

LIMITED DUTY OFFICERS (LINE)

To be captain

JOHN MICHAEL CRANMER
FORTUNATO PICHARDO
EDWARD ERNEST RUNDBERG
CHESTER BURTON SMITH

IN THE NAVY

THE FOLLOWING-NAMED COMMANDERS IN THE STAFF CORPS OF THE NAVY FOR PROMOTION TO THE PERMANENT GRADE OF CAPTAIN, PURSUANT TO TITLE 10, UNITED STATES CODE, SECTION 624, SUBJECT TO QUALIFICATIONS THEREFOR AS PROVIDED BY LAW:

MEDICAL CORPS OFFICERS

To be captain

MYRON DAVID ALMOND
MARY ALICE ANDERSON
STEPHANIE KAY BRODINE
KATHRYN SLOMINS BUCHTA
JOSE FRANCISC CALDERON
ROBERT S CARNES
WILLIAM THOMAS COLLINS
NICHOLAS ANT DAVENPORT
RONALD L FOREHAND
JAMES R FRASER
BECKY LORETTE GILL
MARSHALL P HANSEN
ROBERT R JOHNSON
DAN MICHAEL JONES
MICHAEL JAMES LOGUE
RODERICK F LUHN
MARK EDWIN MURPHY
JAMES JOSEPH J NORCONK
PETER BENHAM PLATZER
JOSEPH N RAGAN
JERRY WADE ROSE
DENNIS ALAN ROWLEY
HOHN MICHAEL RUSSELL
JAMES R SOWELL
RICHARD STOCK
STEVEN R WARLICK
ROBERT J WELSCH
NATALIE A WILLENBERG
WILLIAM M YARBROUGH
THADDEUS RIC ZAJDOWICZ

SUPPLY CORPS OFFICERS

To be captain

JAMES SAMUEL ANDERSON
MAX FRANCIS BAUMGARTNER
WILLIAM RONALD BELL
THOMAS ALLEN BUNKER
ROBERT NORMAN BURTON, JR
KEVIN ROSS CARMAN
JANES EDWARD COOK
WYNN LEWIS COON
HAROLD THOMAS CRONAUER, JR
MARY ELLEN DAVIDSON
JAMES CLIFTON DAVIS, III
MICHAEL LEROY ERNO
MICHAEL EDWARD FINLEY
JOHN JOSEPH HUND
WILLIAM ANDREW JACKSON
WILLIAM JAMES MCMICAN
ROBERT LEE MILLIGAN
TIMOTHY OLIN MUNSON
STEWART ALBERT NELSON
JAMES SUMNER ROUNTREE
DAVID ALBERT SONA
JOHN HAROLD STEPHENS
RONALD FRANCIS VEROSTEK
CHARLES MAYS VINSON
CLIFFORD HOLLOWAY WAITS, JR
DAVID WINFIELD WALTON
KENNETH EDMUND WENZEL
MARK ALAN YOUNG

CHAPLAIN CORPS OFFICERS

To be captain

DONALD G BELANUS
THOMAS C CARTER
LOY BLANE HAMILTON
MARSHALL ROY LARRIVIERE
GARY VEIL LYONS
PETER ANDREW ODDO
EUGENE E OLESON
ARNOLD E RESNICOFF
STEPHEN BRENNAN ROCK

CIVIL ENGINEER CORPS OFFICERS

To be captain

LEE LAWRENCE ANDERSON, JR
JAMES HENRY AUGUSTIN, JR
THOMAS MATTISON BOOTHE
JAMES THOMAS CORBETT
STEPHEN WILLIAM DAIGNAULT
DAVID WILLIAM GORDEN
DONALD BRUCE HUTCHINS
JAMES BRUCE KENDALL
COURTNEY CRAIG KLEVEN
JOSEPH CARL KNOLL
MICHAEL WALLACE PRASKIEVICZ
RICHARD LEONARD STEINBRUGGE
BURTON LOYAL STREICHER
PETER MARTIN VANDYK

JUDGE ADVOCATE GENERAL'S CORPS OFFICERS

To be captain

WESTON D BURNETT
WILLIAM A DECICCO
GLENN NELSON GONZALEZ
CHARLES RONALD HUNT
TIMOTHY L LEACHMAN
THOMAS PETER TIELENS

DENTAL CORPS OFFICERS

To be captain

WILLIAM M DERN
WILLIAM B DURM, IV
ALFRED W FEHLING, JR
TIMOTHY J FLANIGAN
JOSEPH A GLORIA
ROBERT E HUTTO
LAWRENCE D KISELICA
THOMAS O MORK
ROBERT JEFFREY TURNER
RICHARD C VINCI
JOHN A WEISENSEEL

MEDICAL SERVICE CORPS OFFICERS

To be captain

JERRY THOMAS ANDERSON
JERRY WAYNE BRICKEEN
WILLIAM GLENN BROWN
DENNIS RALPH BROZOWSKI
DAVID ROYAL GERVAIS
ERNEST RICHARD GHENT
DAVID ALLEN HARGETT
LAYTON OSCAR HARMON
RODNEY DALE HICKEY
AARON MCCLERKLIN
THOMAS DALTON NUNN, JR
VERNON MELVIN PETERS
CARL WILLIAM STEIN

NURSE CORPS OFFICERS

To be captain

ELIZABETH R BARKER
ROSALIE DAY LEWIS
DAVID STEWART LOOSE
PATRICIA JEANNE OHARE
CHRISTINE ANNE PICCHI
JACQUELINE ELAI SHARPE
RONALD LAWRENCE VANNEST

IN THE PUBLIC HEALTH SERVICE

PUBLIC HEALTH SERVICE NOMINATIONS BEGINNING ROBERT A. GUNN, AND ENDING LANARDO E. MOODY, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MARCH 10, 1992.

PUBLIC HEALTH SERVICE NOMINATIONS BEGINNING DAVID L. HEYMANN, AND ENDING RICHARD G. SCHULMAN, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MARCH 10, 1992.

PUBLIC HEALTH SERVICE NOMINATIONS BEGINNING NOEL G. DELMUNDO, AND ENDING JASON J. WOO, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MARCH 10, 1992.

EXTENSIONS OF REMARKS

TRIBUTE TO LT. GEN. DANIEL B. STRICKLER

HON. ROBERT S. WALKER
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. WALKER. Mr. Speaker, one of the most distinguished citizens of Lancaster County, PA, recently died, and I want to note this passing to my colleagues. Lt. Gen. Daniel B. Strickler was one of the country's true military heroes, a former lieutenant governor of Pennsylvania, and a distinguished lawyer who practiced until late in his life.

I am sure that my colleagues will be interested in the following biography of General Strickler prepared by his family:

LT. GEN. DANIEL B. STRICKLER DIES AT 95: PENNSYLVANIAN FOUGHT IN TWO WORLD WARS

Lt. General Daniel B. Strickler, a hero of World War II's Battle of the Bulge and former Republican Lieutenant Governor of Pennsylvania, died on June 29, 1992 at his retirement residence in Lancaster, Pennsylvania. He was 95-year old. His death was due to complications from a debilitating heart condition. He has been in declining health for some time. Strickler was one of the State's best known military leaders, long associated with the Pennsylvania National Guard's 28th Infantry Division. He served with the Division on active duty, commanding troops, during four wars.

In the Mexican border campaign of 1916, he soldiered with the 28th Division in southern Texas near El Paso searching for Pancho Villa and rose to the rank of sergeant. During World War I, as a young lieutenant he commanded a machine gun company fighting with the Division in France, in battles along the Marne River, the Argonne, at Belleau Woods and at Chateau-Thierry. He was gassed and wounded. He was promoted to captain at the age of twenty-one, the youngest Army officer to hold that rank during the war. During World War II, first as battalion commander and later as a regimental commander, he fought with the 28th through France and Belgium, during the storming of the Siegfried Line, the battle of Hurtgen Forest, the Battle of the Bulge and in the Vosges Mountains. In the Bulge conflict he received a battlefield promotion from lt. colonel to full colonel. During the Korean War, he served as the 28th's commanding general when the Division was called to active duty and posted to Germany as part of the U.S. NATO commitment.

In one of the stirring moments of World War II, Strickler's regiment participated in the liberation of Paris in August 1944, marching twenty-four abreast past the Arc de Triomphe and down the Champs Elysees. His battalion was the first American unit to cross the German border during the war. His role in the liberation and defense of Luxembourg was probably his most important military achievement.

When not in active military service, Strickler practiced law in his home community of Lancaster, Pennsylvania. A Republican, he was long active in Pennsylvania politics. He was the state's Lt. Governor from 1947 to 1950 under the administration of Governor James Duff.

BULGE BATTLE HERO

On the morning of December 16, 1944, Lt. Colonel Strickler was serving with the 28th Division on the front lines as executive officer of the 110th Infantry Regiment, which was holding an extended twelve mile defensive position along the "quiet front", the border between Luxembourg and Germany, when the Germans launched their climactic surprise attack, soon known as the Battle of the Bulge. The 110th was holding the center of the Division's defensive line along the ridge road west of the Our River. It came under fierce attack by three German divisions, and elements of two others, whose objective was to break through the allied defenses, seize Bastogne by the night of December 16th and then spread out behind the allied forces in a drive towards Antwerp.

Vastly outnumbered, the 110th fought pitched battles with advancing German armor, often at point blank range, maintaining a determined resistance throughout the day from strong points along the defensive line. Communications had been disrupted by German espionage and artillery fire, so much of the fighting was done by individual units of the 110th in isolation from their comrades. Under orders to hold at all costs, Strickler's men were engaged in intense fighting which continued on through the night and the next day, slowing the German advance. By then heavy combat losses and exhausted ammunition supplies had reduced the effectiveness of the defense to small pockets of resistance in the face of the overwhelming German force.

During the first day, the regimental defensive position at the town of Consthum came under heavy German attacks, which continued on through the morning of December 18th. With ammunition supplies almost gone, a withdrawal under fire was effected. Strickler and his small surviving force moved back to Wiltz, a key crossroads town half way to Bastogne. There he was ordered to slow the German advance by defending the town, which had been serving as 28th Division headquarters, while the headquarters staff moved further to the rear. Supplementing the few combat troops available, Strickler assembled a defending force including cooks, clerks and drivers. Wiltz was soon completely surrounded and under constant attack by German artillery and armor. Finally, during the night of December 19th Strickler ordered the remaining American forces to break up in small groups and try to find their way back to the allied lines on foot. Hiding in the woods during the day, moving at night across roads heavily patrolled by the Germans, and after three days without food, Strickler and ten comrades finally reached the allied lines. The 101st Airborne Division had occupied Bastogne on the evening of December 18th, before it could be seized by the German troops, thus anchoring the U.S. defense position until General Patton's forces relieved Bastogne a few days after Christmas.

Of the 3,300 men in the 110th only 500 remained when the Battle of the Bulge was over. Strickler was given a battlefield promotion to full colonel and was decorated with the Silver Star. He reorganized the Regiment, which he continued to command through the balance of the war, fighting in the Vosges Mountains and in the heartland of Germany. In the spring of 1945 he was named Military Governor of the Saarland. There, he was responsible for sustaining and repatriating 40,000 Russians and Eastern Europeans who had been held by the Germans as prisoners of war and slave laborers. Strickler was known by his men for being fearless under fire, for his physical stamina and for never being flustered even under the most arduous combat conditions. He learned to take short cat naps during the day, so he would be alert during the bombardments and fighting at night. He could often be seen marching with his men, while his jeep and driver followed behind. His style differed from most combat commanders. He liked to be where the fighting action was taking place, influencing events, rather than staying at his headquarters in the rear.

Strickler received many military decorations for his World War II service, including the Bronze Star, the Silver Star with Oak Leaf Cluster and the Legion of Merit. The one that meant the most to him was the Combat Infantry Badge. He was also decorated by France, Belgium and Luxembourg.

WOUNDED AND AWOL

During the fighting in France in World War I, German artillery targeted a barrage on the trench from which Strickler was observing machine gun fire. A gas shell landed in the trench killing several of his comrades. Strickler was severely gassed and wounded. He was evacuated to a hospital in southern France. Although he was blind for a week, he soon recovered. He requested orders returning him to his front line company but was told he was being assigned to a staff position in the rear and would see no more fighting. When a Sergeant holding the orders releasing him from the hospital was out of the room, Strickler took the orders and left. Bluffing his way past conductors and railroad police, without a pass or a ticket, he boarded a train for Paris and then found a train from Paris back to the 28th Division railhead near Chateau-Thierry. He reported to his battalion commander and was reassigned command of his old company. He had been reported as AWOL but was exonerated when it was learned he had returned to the front.

COMMANDED PRIVATE SLOVIK

An ironic twist to Strickler's own AWOL experience involves Eddie Slovik, a private under his command in World War II who was executed by firing squad for desertion, the first soldier to be so executed since the Civil War.

In October 1944, Strickler's regiment was attempting to breach the Siegfried Line when a group of replacement soldiers, including Private Slovik, reported to him to be briefed and assigned to the front. Upon reaching his front line company, Slovik deserted during the night before an attack scheduled the following day. He was picked up by M.P.s and brought back to regimental

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

headquarters where Strickler dressed him down and ordered him to return to the front, telling him failure to do his job meant someone else would have to do it for him. This time, Strickler had Slovik escorted to a front line company where he was placed among fighting men, the day before an attack was planned. The next morning, as the attack was launched, Slovik deserted for a second time. He was picked up again and held for trial by court martial, which found him guilty of desertion. General Eisenhower approved the sentence, execution by firing squad. After his death, Slovik was buried in an unknown grave in Europe.

A PENNSYLVANIAN FROM LANCASTER

General Strickler was born in Columbia, Pennsylvania, near Lancaster, on May 17, 1897. His father was a local merchant. Strickler was one of the country's first boy scouts joining the Columbia troup in 1910, within a year after the international scouting movement was first founded. He became an eagle scout. During high school he was a scout master. Later, as an adult, he was President of his local scouting organization and was a regional executive committee member. Upon graduating from Columbia High School, where he was class President and highest honor student, he enlisted in the National Guard when it was called to active duty on the Mexican border.

After World War I, he attended Cornell University. At college he was the President of the senior class, President of the student council, President of the Quill and Dagger senior honor society, President of his fraternity and Captain of the track team. He was responsible for the instigation of the honor system at Cornell. He was a distance runner excelling in the mile event.

Upon graduation from Cornell Law School in 1922, Strickler returned to Lancaster to practice law. He became active in local politics. In the early 1930's he was a representative in Pennsylvania legislature. In 1932, during prohibition, he was named Lancaster's Commissioner of Police and was responsible for getting rid of the bootlegging that had infiltrated the community. During this period he was also active in the military reserves rising to the rank of full colonel. After the Pearl Harbor attack, he returned to active duty, taking a reduction in rank to lt. colonel so he could have a combat command.

After World War II, Strickler again returned to the practice of law in Lancaster. In 1946 he was a leading contender to be the Republican candidate for Governor of Pennsylvania but ended up on the ticket as Lt. Governor, behind Governor James Duff, in an election that was a Republican sweep.

FURTHER MILITARY SERVICE

When the Korean War started in 1950, Strickler resigned his office as Lt. Governor to take over as commanding general of the 28th Division, which was being called to active duty. The Division trained in Indiana and was then sent to Germany as one of five American divisions serving there with NATO forces under the command of General Eisenhower. Strickler remained in active military service, with the rank of major general, through most of the 1950's. He was assigned to the U.S. embassy in Rome as Chief of the Military Assistance Advisory Group, administering military and economic aid for Italy, when Claire Boothe Luce became the U.S. Ambassador to Italy. In 1955, he joined the Far Eastern Command staff of General Lyman Lemnitzer in Tokyo. He was Assistant Chief of Staff J-5 for the joint United Nations and Far East Commands, in charge of governmental relations between the military and Japan, Korea and the Ryukyu Islands including Okinawa. His toughest job in Japan was to personally negotiate a new master labor contract which established the working relationship between the U.S. forces there and the 157,000 Japanese employees, avoiding a threatened general strike.

RETURNING TO HIS LAW PRACTICE

After retiring from the military in 1957, as a lt. general, Strickler once again took up his law practice in Lancaster. A grass roots campaign to be the Republican candidate for governor failed. He was active in local civic causes ranging from President of the Chamber of Commerce, the YMCA and the Lancaster Bar Association to serving as an elder of his local Presbyterian Church. He headed several local charities and was active in many other community groups. Strickler was a strong public speaker and was often called on to speak at commemorative occasions. He had simple patriotic feelings and believed in serving his country and community, a message that many have seemed somewhat out of date to modern ears.

In his later years, Strickler remained active with his law practice. Even at the age of ninety, he could occasionally be seen at the local court house filing a brief or probating a will. Wartime comrades from around the country, including several whose lives he saved in combat, continued to visit him and reminisce about their war experiences.

General Strickler was married in 1924 to his college sweetheart Caroline Bolton from Oil City, Pennsylvania. She died in 1986. He is survived by a daughter, Nancy C. Strickler, who resides in London, and a son Daniel B. Strickler, Jr. living in New York City, and by three grandchildren and four great grandchildren.

Funeral services are being held at the First Presbyterian Church of Lancaster at 11:00 A.M. on July 11, 1992. A burial with military honors at Lancaster's Woodward Hill cemetery will follow the service.

RULE ON H.R. 5318, THE UNITED STATES-CHINA ACT OF 1992

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to the rules of the Democratic Caucus, I wish to serve notice to my colleagues that I have been instructed by the Committee on Ways and Means to seek less than an open rule for the consideration by the House of Representatives of H.R. 5318, the United States-China Act of 1992, as amended.

TRIBUTE TO REV. JAMES E. COATES

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Ms. NORTON. Mr. Speaker, I rise today to honor Rev. James E. Coates, pastor of the Bethlehem Baptist Church, for 34 years of distinguished public service and spiritual leadership in the District of Columbia and for his untiring commitment to the Anacostia community of my district.

Reverend Coates enjoys a lengthy and distinguished record of service to this city. He was president of the first elected board of education of the District of Columbia. During his tenure with the board of education, Reverend Coates was instrumental in the construction of innovative schools in Ward Eight and thus helped to alleviate substantial overcrowding of schools in this area. Reverend Coates was also elected to the first District of Columbia City Council under the Home Rule charter.

As pastor of the Bethlehem Baptist Church he provides an important urban ministry resulting in congregational participation in social action projects and volunteer services to numerous community agencies. Before there were government programs which addressed homelessness and hunger as a major concern in our city, Reverend Coates and his congregation had recognized the need and set about the task of formulating new approaches to the needs of the economically and socially disadvantaged of Washington.

Mr. Speaker, the accomplishments of my good friend, Rev. James E. Coates, are truly outstanding and deserving of recognition in the official record of this great body. Therefore, I invite my distinguished colleagues to join me as I salute one of the District of Columbia's great spiritual and civic leaders, Rev. James E. Coates.

THE FAA MAIL AND CARGO SECURITY STUDY RESOLUTION

HON. SUSAN MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Ms. MOLINARI. Mr. Speaker, today I introduced a resolution to express the sense of Congress that U.S. Postal Service should not tender high threat mail of air carriers for transportation on passenger flights until the recommendations of the FAA mail cargo security study are implemented.

Two years ago, following the Pan Am Flight 103 tragedy that resulted in the death of 270 people, the Congress enacted the Aviation Security Improvement Act of 1990. This legislation directed the Federal Aviation Administration to undertake a number of studies on aviation safety matters. One of these studies was the mail and cargo security study. This study was to determine whether additional requirements should be imposed to enhance the security requirements for the transportation of mail and cargo on passenger aircraft. The mail and cargo security study was to be delivered to Congress by May 15, 1991. The study is now over a year late.

I have contacted the FAA on a number of occasions, as has Representative JAMES OBERSTAR, the Chairman of the House Subcommittee on Aviation. Time and time again I have heard it is almost ready. Sometimes I am told the post office has it. Sometimes I am told the FAA is making final changes. The most recent rumor is that it is now at OMB.

I recently spoke with Acting FAA Administrator Barry Harris about the mail and cargo

security study. That was 2 weeks ago and I have not yet heard back from his office.

My frustration with the FAA's inability to produce this study is shared by many. Our concern goes beyond the bureaucratic backlog that often slows the production of government studies.

Our frustration does not extend to the airline industry. For they continue to do their job on a daily basis adhering to the FAA guidelines. However, I am sure our air carriers will join me in seeking the results of the study so they will have a better understanding of the existing threat and will no longer have to fly blind.

Mr. Speaker, as you may know, our passenger airlines carry U.S. Postal Service mail on domestic flights. The mail cargo security study was commissioned by Congress to determine the safety of this practice and/or what steps should be taken to ensure the safety of this practice. When the Persian Gulf war began in January 1991, and Postmaster General of the United States determined that the perceived increase in the terrorist threat warranted the removal of the high threat mail from passenger flights. The Postmaster General determined that mail weighing greater that 12 ounces constituted a high threat and this mail was transferred on to cargo planes, trucks, and trains.

It was the hope of those involved in this issue that the Postmaster General would maintain this policy until the FAA issued their study and implemented any recommended safety reforms. Unfortunately, in March of this year the U.S. Postal Service resumed transporting mail weighing greater than 12 ounces on passenger flights. This was done without the benefit of knowing the results of the mail and cargo security study.

As this study continues to travel between Federal agencies with no end in sight, I feel it is necessary to spur the production of this study. My resolution calls for reasonable and previously practiced protection of airline passengers until any recommendations made by the mail and cargo security study are implemented. I hope my colleagues will join me in reminding the FAA of the importance of this study and the need to complete to further protect the safety of the flying public.

RESOLUTION CALLING FOR FULL INVESTIGATION OF TAILHOOK SYMPOSIUM

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. KOSTMAYER. Mr. Speaker, today I am introducing, with the distinguished gentlewoman from Maryland, Mrs. MORELLA, a concurrent resolution condemning the reprehensible conduct that occurred at the annual symposium of the Tailhook Association in September 1991, calling on the Secretary of Defense to ensure that the ongoing investigation of the incident is full and uncompromising, and urging the Secretary of the Navy to recommend and initiate full disciplinary action against those responsible, including appropriate criminal prosecution pursuant to the Uniform Code of Military Justice. In addition, the resolution recognizes the importance of equality of opportunity for women and men in the Armed Forces, and urges the Secretary of Defense to provide equal opportunity for the women and men of the Armed Forces.

Mr. Speaker, many Members of this House, most notably the gentleman from Pennsylvania, Mr. MURTHA, have made clear their outrage at the events that took place at the Tailhook Convention and the Navy's subsequent failure to cooperate with investigators. I fully support the actions taken to date.

But I also believe it is important that we as a Congress express clearly both our outrage and our intention to ensure that those responsible are fully prosecuted and fully punished. Secretary Garrett's resignation was a welcome sign that the Navy recognizes the seriousness of this matter, but the matter is still far from being resolved.

Sexual harassment and assault of this kind cannot and will not be tolerated, and those responsible for it must be held accountable. I hope my colleagues will join me in sending that message to the White House and the Pentagon. I urge my colleagues to support this resolution.

AMBASSADOR ABBA EBAN SEES OPPORTUNITY FOR PEACE

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. RINALDO. Mr. Speaker, shortly before the elections in Israel that chose a new government, former Israeli Ambassador Abba Eban delivered a timely and perhaps prophetic view of the opportunity for a negotiated peace in the Mideast when he spoke to more than a thousand people at Temple Emanu-El in Westfield, NJ. The size of the turnout is not surprising in view of Ambassador Eban's reputation as a speaker and as a friend of the United States. Ambassador Eban's remarks were reported in the Jewish Horizon, and I ask that the report be reprinted in the RECORD.

EBAN ADDRESSES JEWISH COMMUNITY, NETS HONORS

(By Marcia F. Conron)

To an overflow crowd of more than 1,000 people Sunday at Temple Emanu-El in Westfield, Abba Eban, Israel's long-time Ambassador to the United States and the United Nations, said that "this is the time to do a deal" to negotiate a lasting peace with the Palestinians. Now is the opportunity for peace, he said. "It may not occur again."

Eban was brought to the area largely through the work of long-time community leader and Mountainside resident Herbert Ross and his wife, Selma. The address was partially underwritten by the Ross' Menorah Chapel at Millburn and the Union based Foundation for Jewish Arts and Heritage. Ross is president of both. The event was cosponsored by the Temple Emanu-El Men's Club and the Springfield Lodge of B'nai B'rith.

Speaking without notes after leaving Jerusalem 20 hours earlier, Eban said that the peace process "imaginatively initiated by the United States creates conditions that must be recognized. In these conditions we must understand that if the peace process fails, the situation will not be what it was before but will be much worse because the peace will be discredited by failure," he said.

"With the fall of the Soviet Union, the biggest challenge to us is to use the new international situation to gain peace settlements. This is the time to do a deal because our greatest enemy, Iraq, has been crushed on the battlefield, Syria has lost Soviet support, and Jordan wants peace, not war. The Palestinians are talking to us at the table.

"The question really is very largely how will the Israeli parliamentary system react to this opportunity. The status quo is the worst of all options because it cannot be durable, because it is structurally deficient. The fact that its deficiencies were created by Arab aggression does not make it thereby tolerable.

"The Six Day War in June, 1967, proved a great generalization of one of the great western philosophies: War cannot protect. It cannot create. It can prevent you from losing, but once its defensive position is fulfilled, it's a wonder how little it can do by itself," Eban said. "Therefore, it must be replaced as soon as possible by diplomacy and statecraft, by persuasion, and not by coercion. There are more opportunities for peace than ever before, but if the peace fails, the horizon points to a weapons race with weapons that are beyond calculation," Eban said.

"This is the time to do the deed to create the situation of peaceful coexistence," said the Ambassador.

Eban received three awards. Ross presented the Ambassador with the Yerusha Award for preserving Jewish life and guaranteeing it for future generations, on behalf of the Foundation for Jewish Arts and Heritage. He also received the B'nai B'rith Community Service Award for citizenship and civic affairs, and the Temple Emanu-El Men's Club Judaic Heritage Torch of Freedom Award.

FOREIGN TRAVEL

HON. RICHARD RAY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. RAY. Mr. Speaker, the responsibility of a Member of the House of Representatives involves some foreign travel. During my 5 terms in the House of Representatives, and as a member of key subcommittees on the Armed Services Committee, it has been necessary to travel on 19 trips to U.S. bases or on special assignments.

I have always endeavored to travel on commercial aircraft whenever possible, and I have seldom traveled with large groups of Members of Congress. My visits have always been documented, made available to the press, and summarized in reports for the Armed Services Committee. In most cases my travel has led to positive amendments or necessary legislation. I have not participated in any so-called "junkets."

My foreign travel has involved four areas. In 1983 I was the only freshman Congressman appointed to the Arms Control Panel of the House Armed Services Committee. Through travel associated with my work on this panel I was involved in arms control talks and negotiations.

For several years I was the House Armed Services Committee point person on air base defense. Much of my work in this area led to the acquisition of the Hawk and Patriot missile defense systems for the defense of our European bases. In particular, my travel to European bases led to the development of an air base defense plan by the Department of Defense to protect our air bases in Europe.

My service on the North Atlantic Assembly Panel has allowed me the opportunity to contribute to NATO meetings. I was selected to attend four NATO meetings in Europe over a 2-year time period. This travel enabled me to better understand the House Armed Services Committee's funding of U.S. NATO commitments.

Finally, since 1985 I have chaired the House Armed Services Environmental Restoration Panel. This panel oversees the cleanup on U.S. military installations in Europe, the Pacific, and in the United States. Travel to national priority sites is the only way to understand the serious problems we face in cleaning up our bases. My travel in this area has led to the direct cleanup of U.S. military bases and a greater awareness of environmental restoration.

Mr. Speaker, I now disclose for the CONGRESSIONAL RECORD a comprehensive list of my foreign travel.

FOREIGN TRAVEL BY CONGRESSMAN RICHARD RAY ON BEHALF OF THE COMMITTEE ON ARMED SERVICES

Visits connected with the Arms Control Panel: Number of trips: 2.
Date: July 5-9, 1983.
Country: Austria.
Purpose: To participate in arms control discussions and negotiations.
Date: November 8-21, 1985.
Countries: Switzerland, Austria.
Purpose: To participate in arms control talks.

Visits connected with air base defense to establish and improve missile protection for U.S. and NATO bases and to promote procurement of the patriot missile for U.S. and allied forces: Number of trips: 3
Date: October 11-19, 1984.
Countries: West Germany, Italy, United Kingdom.
Purpose: To visit NATO air bases. Congressman Ray has been recognized as the point person for the House Armed Services Committee on air base defense. (traveled commercial)
Date: June 26-July 10, 1986.
Countries: Germany, Norway, Denmark, England.
Purpose: To assess the progress of implementing the air base defense plan. (traveled commercial)
Date: August 21-31, 1989.
Countries: Germany, United Kingdom, Italy, Belgium.
Purpose: To investigate the status of air base defense and implementation of the Patriot Missile Defense System. (traveled commercial)

Visits to Central America during the Nicaraguan conflict; Number of trips: 3.
Date: May 29-30, 1986.
Country: Honduras.
Purpose: To inspect the Contra camps during Contra the Congressional Contra debates. (traveled commercial)
Date: June 1-4, 1986.
Countries: Guatemala, Nicaragua, Costa Rica, Honduras, El Salvador.
Purpose: Led 12 Members of Congress to meet with the governments of these countries to discuss the Contra situation.
Date: January 30-31, 1988.
Country: Nicaragua.
Purpose: To participate in discussions with Nicaraguan officials and representatives of the U.S. State Department.

Visits associated with Congressman Ray's chairmanship of the Environmental Restoration Panel of the House Armed Services Committee: Number of trips: 2
Date: December 10-19, 1990.
Countries: Philippines, Japan, Korea.
Purpose: To review environmental problems involving U.S. bases in the Pacific. (traveled commercial)
Date: August 5-17, 1991.
Countries: Germany, Czechoslovakia, United Kingdom, Italy.
Purpose: To assess environmental problems at bases in these countries, particularly in light of base closure. On this trip Congressman Ray became one of the first Westerners to visit an abandoned Soviet base near Prague, Czechoslovakia. (traveled commercial)

Visits associated with Congressman Ray's position on the North Atlantic Assembly Panel (NATO Panel): Number of trips: 4.
Date: January 4-14, 1990.
Countries: Belgium, Italy, Hungary, Germany, Austria.
Purpose: To examine the Conventional Forces Reduction negotiations and the NATO Defense College.
Date: November 24-December 2, 1990.
Countries: United Kingdom, Austria.
Purpose: To participate in the North Atlantic Assembly meeting, get an update on the Conventional Forces Europe agreement, and get a briefing on the recently completed inspection of Iraqi nuclear facilities by the International Atomic Energy Agency.
Date: May 24-27, 1991.
Countries: Netherlands, Belgium.
Purpose: To participate in the North Atlantic Assembly Meeting.
Date: October 18-28, 1991.
Country: Spain.
Purpose: To participate in the North Atlantic Assembly Meeting.

Other Official House Armed Services Committee Travel: Number of trips: 5.
Date: September 23-29, 1983.
Countries: Cyprus, Lebanon.
Purpose: To accompany members of the Readiness Subcommittee to determine if the War Powers Act was being violated by stationing Marines in Beirut.
Date: November 8-21, 1984.
Countries: Singapore, Korea, Hong Kong, Japan.
Purpose: To meet with the leadership of the countries supporting the South Pacific Nuclear Free Zone.
Date: February 18-21, 1986.
Countries: Korea, Philippines.
Purpose: To follow up on military construction projects which had been authorized by the Armed Services Committee.
Date: November 10-15, 1986.
Countries: Philippines, Thailand, India, Nepal, Jordan, Pakistan.
Purpose: To receive overview briefings on U.S. military relations with these countries.
Date: January 7-18, 1989.
Countries: Hong Kong, Thailand, Turkey, Spain.
Purpose: To meet with U.S. government countertypes to discuss U.S. military support of these nations.

Total number of foreign trips taken: 19.

IN SUPPORT OF H.R. 3654

HON. DOUG BARNARD, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. BARNARD. Mr. Speaker, I want to thank the distinguished subcommittee chairman, Mr. TORRES for his leadership and assistance in reporting out a bill to assist our Olympic athletes and to help the United States host a successful Olympics. I would also like to thank FRANK ANNUNZIO and the distinguished ranking minority member, Mr. MCCANDLESS for their support and contributions.

Let me briefly state that the bill is designed to help provide funds for U.S. Olympic athletes and for the actual staging of the games. We have tried to carefully structure the bill to have as broad an appeal as possible. The Olympics in general and the centennial of the Olympics in particular, constitute an important national event—not just in economic terms, but in terms of our national identity. Anyone who watched the Winter Olympics could see how the host country manifested its national character to the world, and in a rapidly changing world, this is of immense importance.

The United States does not provide direct support to the Olympics, and we should be proud of that—our Olympics run on a shoestring compared to what many nations spend—virtually all of it from their taxpayer funds. However, we have to find ways to support our Olympians whenever we can, and the commemorative coin program has provided an effective way to do this.

As the subcommittee received testimony from our Olympians, we took note of the obstacles that several of them had to overcome in order just to compete, let alone excel and win. We noted that these athletes also pursued their education and careers under these same adverse conditions. While this may make their triumphs all the more rewarding, I don't think that it should be a prerequisite of Olympic competition. While I am proud of the fact that our athletes are not one-dimensional, we must be mindful of the fact that they frequently must compete with athletes raised and nurtured to do nothing but their particular sport. While we don't want to emulate this approach, we need to do more.

The bill before us is an attempt to provide some of that support. It is a very small amount of the total cost of the Olympics, but it is enough to make a difference.

The bill also contains important mint reforms that Chairman TORRES has worked out with the minority and which I heartily support. These changes will help all coin programs and I urge their adoption.

Again, Mr. Chairman, let me thank you for your leadership and your support, and I urge my colleagues to support our Olympic athletes and the 1996 Olympics.

RABBI ISRAEL MOWSHOWITZ

HON. NITA M. LOWEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mrs. LOWEY of New York. Mr. Speaker, on Tuesday, we lost a great leader, Rabbi Israel Mowshowitz. This very special man was both a rabbi to his congregation, of which I had the privilege to be a member for many years, and to the Nation. He was one of those unique individuals who had an ability both to serve as a spokesman and advocate for the Jewish community at large and to respond to the needs of individuals in a very personal way.

Looking back over the years, I can remember the words of Rabbi Mowshowitz. The Hillcrest Jewish Center in Queens echoed with his forceful admonitions—against persecution and hatred—urging support for charitable causes—building bridges to bring people together. And his message had an important impact far beyond the congregation he has served for over 30 years.

His was a respected voice to which people listened intently. Whether in New York or Moscow, Durham or the Vatican, Omaha or Berlin, the words of this inspirational leader were a powerful voice for justice and good. Likewise, he led by example. As Governor Cuomo said yesterday, his "greatest sermon was his life." Indeed, Rabbi Israel Mowshowitz lived every day of his life to the fullest. His life was filled with service to others and a devotion to a world of compassion and understanding. His deeds and his words inspired others to do as he did. He had the highest respect for public service and encouraged many of us to enter public life, and when we did, we knew that he would be there at our sides offering advice and counsel and always ready to remind us of why public service was and is important.

My family and I were fortunate to have been a part of the Hillcrest Jewish Center during Rabbi Mowshowitz' service. As we celebrated bar mitzvahs, bat mitzvahs, and other special family occasions with him, our lives were enriched by his wisdom, his confidence, and his friendship. As I began my own career in public service, I often turned to Rabbi Mowshowitz as a mentor and source of counsel. His passing is a personal loss to us as I know it is to thousands of others whose lives the rabbi touched in very special ways.

My thoughts are with his dear wife, Libby, and with his children at this difficult time. They can look back on his life with many memories of joy and admiration, and they can look forward to life in a world that is a much better place thanks to all that Rabbi Mowshowitz gave for others over 77 years.

SUPERVISORY GOODWILL AND THRIFT CAPITAL STANDARDS

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. SMITH of New Jersey. Mr. Speaker, in testimony delivered today in the Committee on Small Business, Marshall Kern, president of Jersey Shore Savings and Loan, outlined the impact FIRREA has had on the thrift, its customers and the other consumers in its community which seek credit at the institution. I would like to include a copy of his insightful comments in the CONGRESSIONAL RECORD so other members may assess these experiences and have the benefit of these observations on current banking law.

Mr. Speaker, Jersey Shore Savings and Loan Association is perilously close to being taken over by the Resolution Trust Corporation [RTC] because it fails to meet the tough capital standards required by the Financial Institutions Reform Recovery and Enforcement Act of 1989 [FIRREA].

This is unfortunate, since Jersey Shore was one of the thrifts which helped out the government by acquiring a failing S&L. As a result of its assistance to the Federal regulators, Jersey Shore was permitted to include supervisory goodwill on their books as an incentive to take control of the sick Keystone Savings and Loan.

The FIRREA standards are indeed unfair to Savings and Loans like Jersey Shore. Congress enacted a law which refuses to allow thrifts with supervisory goodwill on their books to include goodwill as an asset for meeting FIRREA's new capital standards. I regret that Jersey Shore Savings—and its employees—are now in jeopardy and may be taken over by the regulators because of this unfair change in the rules.

During August 1989 the House considered FIRREA, I supported the Hyde (R–IL) amendment which would have given the regulators the authority to judge the soundness of an S&L on a case-by-case basis, rather than automatically rejecting any goodwill held by a thrift.

If the Hyde amendment had been approved, Jersey Shore Savings and Loan might not be at risk today. In retrospect, adoption of this amendment would have clearly assisted those thrifts which aided the regulators.

When the House next considers legislation to recapitalize the RTC, I hope we will be given the opportunity to vote on an amendment to buy back supervisory goodwill from those thrifts which helped our Government. As my colleague BILL MCCOLLUM has stated, this action would actually save the taxpayers money and return fairness to the Federal regulatory process.

The following is a copy of his informed remarks:

TESTIMONY OF MARSHALL J. KERN

Mr. Chairman and members of the committee, I wish to thank you for allowing me the opportunity to give you one view of the current capital standards and their effect on credit availability and economic recovery.

BACKGROUND ON THE INSTITUTION

Jersey Shore Savings and Loan Association ("JSS") was incorporated in 1943 as a New Jersey state-chartered mutual association headquartered in Toms River, NJ. JSS is based approximately 70 miles south of New York City and 60 miles east of Philadelphia. JSS with $620 million in assets, positive earnings, a strong community position, conservative management and a valuable consumer franchise was at one time the largest thrift in our market.

JSS has always been a dedicated community based thrift that concentrates its lending within its market area. It serves a savings market through 14 locations providing a strong traditional savings and loan focus (i.e. providing mortgage credit for home ownership, while providing savings products to consumers). JSS also operates a profitable mortgage banking operation originating $200 million in residential mortgage loans per year.

Unprecendented high interest rates in the late 1970's and early 1980's created a financial crisis in the thrift industry. As an alternative to direct financial assistance, FSLIC approved supervisory mergers between thrifts by providing assistance in the form of "supervisory goodwill" allowing the merger of insolvent or troubled thrifts into healthy institutions at the lowest cost to FSLIC. This was done in accordance with Generally Accepted Accounting Principles ("GAAP"). Any excess in the cost of acquisition (liabilities assumed) over the fair market value of the acquired assets became "goodwill"—an intangible, non-earning asset that may be amortized. Goodwill recorded in connection with a supervisory merger is known as "supervisory goodwill".

On July 11, 1982, acting in cooperation with the regulators, JSS acquired Keystone Savings & Loan. Keystone's liabilities exceeded its worth by $39.4 million. The regulators allowed JSS to book that $39.4 million as supervisory goodwill. JSS had approximately $385 million in assets prior to the acquisition and assets were approximately $515 million immediately afterwards, resulting in regulatory capital of 2%. Under today's guidelines, the merger depleted Jersey Shore Savings' tangible capital from a positive $8.4 million to a negative $32 million, or negative 6.7% of its assets.

EFFECT OF FIRREA

Financial Institutions Reform, Recovery and Enforcement Act ("FIRREA") became effective August 9, 1989. It required thrifts to maintain "tangible capital" in an amount not less than 1.5% of its assets. FIRREA provides "tangible capital" shall not include goodwill. Because of FIRREA's provisions requiring goodwill to be excluded from capital, JSS immediately became a capital-deficient institution. Due to the Keystone merger, it is now impossible through earnings to reach the goal of 6% tangible capital for a well-capitalized institution within the next several years.

JSS has nevertheless worked diligently to restore the capital lost during that period. After the acquisition of Keystone, JSS improved regulatory capital to 50% above that required just before FIRREA's effective date.

Exhibit 1 shows that had the FIRREA capital definitions been in effect when JSS acquired Keystone, tangible capital would have been a negative 6.7%. As can be seen on a tangible basis, JSS's improvement has been dramatic. Tangible capital by the end of 1991 rose by over 6% of total assets to a negative 0.4%. Over the last ten audited fiscal years ending March 31, 1992 (March 31, 1983 to March 31, 1992), JSS has recorded a profit on a GAAP basis each and every year. GAAP net income totalled $33.5 million during that time frame. Additionally, Exhibit 1 shows the precipitous fall of regulatory capital from in excess of the capital requirement to capital insolvency overnight as a result of FIRREA.

THE POST FIRREA ENVIRONMENT

Having said all this, it is important to come back to the central focus of this hear-

ing. What has been the impact of the capital standards on credit availability and economic recovery.

First, let me address credit availability:

Simply stated, for JSS & institutions like JSS, the credit door is closed due to FIRREA. A good case in point being Loans To One Borrower (LTOB) limitations. In fact, this requirement has severely reduced the credit available for weak and strong alike. Prior to FIRREA, a thrift could lend 100% of capital to a single credit verses the new limit, basically 15% of capital. I am not suggesting that lending 100% of capital to a single credit was prudent or that some further reduction was unreasonable. However, stopping institutions from completing projects in mid-construction did not achieve desired results. Once a commitment expired the maximum loan allowed was reduced to the amount of the outstanding balance. This created bad loans out of good loans. Had the definition of capital not changed, credit availability would not have been affected. JSS had a self-imposed maximum of 10% of capital, therefore, the 15% newly imposed would have been no problem. However, under the old definition of capital, JSS had a LTOB limit of $3.3 million. The new FIRREA definition wiped out the capital of JSS, therefore, the maximum loan was $500,000 for a new extension of credit or an existing commitment.

Further affecting credit availability, I submit that the risk weighed capital requirement retards business lending. As you know, business lending requires twice the capital of 1-4 family lending.

As an undercapitalized thrift, JSS can only make loans on 1-4 family residential properties. As an example of someone we could not help, last week an individual who has run a successful catering business for 15 years requested a loan to expand his business and build a small restaurant on the property he already uses and owns. The estimated loan to value is 50%. No institution, local or otherwise, has been willing to loan $300,000 for this minority owned business. In addition, our local for-profit community live summer theatre is in jeopardy due to lack of credit availability.

Other small businesses are likewise finding it difficult, if not impossible, to refinance their present debt and exploit today's low interest rates. The savings would go directly to the bottom line for these small businesses. Although JSS is a major lender to buyers of homes to be constructed by small local builders, we can no longer lend to the builder, curtailing credit further. This in turn would allow expansion and job creation.

Second, I would like to touch on the economic recovery:

As noted, the "get-tough" attitude sprawned by FIRREA and its attendant capital "crackdown" imposed vast new operating restrictions. Unfortunately, all institutions out of capital compliance are tainted by two common misconceptions. First, their management is either incompetent or dishonest, second, they will be seized by the RTC.

The renewed publication of news reports within the last three weeks that JSS is in danger of being taken over has accelerated the "silent run" which began with the passage of FIRREA. See Exhibits 2 and 3.

JSS is particularly susceptible to the public reports that it is "insolvent". This susceptibility is exacerbated because the community of Toms River, and Ocean County in general, has a large number of senior citizens who, with memories of the Depression, are quickly alarmed of talk of bank failure, even in this era of federally insured deposits.

The loss of bank deposits results in fewer dollars to loan and lower earnings. More liquidity must be kept available at low rates resulting in lower earnings and fewer funds available for the credit needs of the community. As a result of being branded "insolvent", a number of financial institutions refuse to do business with JSS or impose costly new conditions.

The disruption to the local economy is significant. JSS employs 290 individuals and contributes over $7 million a year in payroll and benefits to the local economy. JSS is headquartered in the same town that witnessed the collapse of the First National Bank of Toms River, in May 1991. This was the largest bank failure in the history of the state of New Jersey. The economy has been negatively affected with loss of jobs, loss of purchasing power and disruption of bank services to the community. Lending is severely restricted.

RECOMMENDATIONS

I have tried to touch on a few of the ways that I believe capital standards have affected credit availability and economic recovery as seen directly by JSS.

The JSS story is primarily one of supervisory goodwill; however, other institutions have been similarly affected. When evaluating institutions in light of capital standards, the economy and the credit crunch, I believe Congress and the regulators should make a distinction. Those institutions out of compliance with the capital regulations due to losses in operations should be separated from those institutions out of compliance due to FIRREA's new rules concerning which items qualify for capital. In addition to supervisory goodwill, Purchase Mortgage Servicing Rights (PMSR) and investment in nonqualifying subsidiaries no longer receive the same capital recognition.

FIRREA was written during and geared for a radically different economic environment. The recession and near freefall in real estate values has produced problems unforeseen when FIRREA was enacted. What is needed now is flexibility and time to respond to the current circumstances. Regulators need more discretion to make critical distinctions. Rigid, congressionally mandated prescriptions for seizing institutions does not allow the flexibility required to regulate a sophisticated ever changing industry.

JSS has been working very closely with the Office of Thrift Supervision (OTS) in actively seeking a merger partner. OTS has been very sympathetic to our particular situation, but FIRREA denies OTS the discretion it needs. I am here today to tell you we are extremely close to achieving a goal that seemed impossible when FIRREA was enacted in 1989, namely a recapitalization/acquisition of JSS *without* government assistance. It is my hope that within the next two weeks an agreement will be reached to facilitate the unassisted acquisition of JSS. If this does occur, it is an example where the private sector has been successful in saving taxpayer dollars. If, however, JSS is taken from the private sector, it is my belief the expense of liquidation or sale will result in a multi-million dollar resolution at the taxpayers expense.

CONCLUSION

JSS is just one example of the type of institution that is actually saving the taxpayer money everyday it remains open. Given our present profitability it is realistic to expect, even if the present negotiations fall through, that JSS can be resolved without capital assistance if it is given more time. This in turn assists credit availability and economic recovery for small businesses.

I wish to thank the committee for inviting me to testify on these important points. I would be glad to answer any questions you may have.

INTRODUCTION OF LEGISLATION REGARDING THE FCC's SYNDICATED EXCLUSIVITY AND NONDUPLICATION RULING

HON. JOHN T. DOOLITTLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. DOOLITTLE. Mr. Speaker, today my colleague, Mr. GUNDERSON, and I are introducing legislation which would remedy a situation of great concern to many of our constituents. Our legislation addresses flaws in the Federal Communications Commission's [FCC] syndicated exclusivity, or "Syndex", and non-duplication rulings. While the Syndex and nonduplication rulings are not overly disruptive for many areas of the country. They adversely effect some locales, such as the California side of Lake Tahoe in my district.

The Syndex and nonduplication rulings were designed to protect the legitimate financial interests of broadcasting companies by designating primary broadcast areas. "Syndex," for example, designates a radius of 35-miles in which the broadcaster can assert its rights over certain programs. The issue comes into play in areas where a cable company airs two channels, from diverse geographical areas, of the same network. In Lake Tahoe, for instance, the cable operators carry the NBC affiliates from both Reno, NV, and Sacramento, CA. Lake Tahoe falls within the 35-mile-radius of Reno's primary broadcast area. Therefore, if both stations air a program to which the Reno affiliate holds the exclusive broadcasting rights, the Reno stations may compel the cable operators to black out this program on the Sacramento affiliate.

The FCC contends that cable operators would be able to fill these black spots with community-oriented programming. Such programming was intended to give more choice to viewers while protecting the financial interests of broadcast companies. This objective is an admirable goal, and may be workable in most parts of the country. But, Mr. Speaker, in areas like Lake Tahoe, Syndex produces unacceptable results. The Syndex and nonduplication rulings create over 100 hours of black space on the largest cable system in the city of South Lake Tahoe. This space would be difficult for any large company to fill with programming, but for a smaller company such as those located in Lake Tahoe it is simply impossible.

In addition, the requirement forcing the California side of Lake Tahoe to watch Nevada television causes several unique problems for my constituents.

First, California residents are cheated out of higher quality programming associated with the Sacramento, CA, stations. Reno is a smaller market and therefore is limited in the

services its stations can provide. For instance, not all Reno stations currently provide the same level of closed-caption and stereo television services as their counterparts in Sacramento. I'm sure our colleagues understand that not having closed-caption capabilities is an issue of particular concern to those who are hearing-impaired and rely on this service. It was this concern, in part, that brought about the Americans with Disabilities Act.

Second, my constituents have difficulty receiving news and weather applicable to their area. The outcry on this point cannot be ignored, and is totally justified. Why should someone pay taxes and vote in one State but be denied access to news and election information critical to their making informed decisions concerning that State; especially when one must pay to receive cable television services?

Finally, Mr. speaker, were it not for the cable companies in the Tahoe area, Reno stations could not be viewed at all in the Tahoe Basin. Lake Tahoe's Unique Physical Terrain makes it Extremely Difficult to Receive Broadcast Signals. Indeed, in most parts of Lake Tahoe, virtually no signal can be received without cable. Also, strict regulation imposed by the Tahoe Regional Planning Association [TRPA], a unique Federal Regulatory organization created for Lake Tahoe, makes it not only difficult but cost-prohibitive for most residents to erect large antennas or install satellite dishes. Despite this fact, Reno broadcast companies are neither cooperative nor sensitive to their viewing audience in the Lake Tahoe area.

Mr. Speaker, I want you and my colleagues to know that I have made a good faith effort to resolve these concerns directly with the FCC. Unfortunately, they have been unwilling to discuss this issue in a meaningful way. I would have preferred not to bring additional legislation before this body. In light of current circumstances, however, I have no alternative but to seek legislative remedy on behalf of those I represent.

Mr. Speaker, I hope that I have the support of our colleagues in taking quick action on this legislation. Those adversely effected by the Syndex and non-duplication rulings anxiously await relief.

TRIBUTE TO DUANE ERICKSON "SERVICE TO YOUTH" AWARD WINNER

HON. DICK SWETT

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. SWETT. Mr. Speaker, I rise today to pay tribute to one of my outstanding constituents, Mr. Duane Erickson of Nashua, NH. Duane is this year's recipient of the "Service to Youth Award" given by the city of Nashua. This award recognizes worthy local volunteers who provide leadership and guidance to the young people of the community through programs which are under the direction of the Nashua Parks and Recreation Department.

Duane Erickson is being recognized this week for his outstanding volunteer work over the course of the past 12 years. Since 1980, he has been the coach, or an assistant coach, of a dozen Nashua youth sports teams, including baseball, football, and basketball. He has truly become a man for all seasons. During this time, he has continuously provided solid direction to the young people of Nashua on the virtues and values of sportsmanship and teamwork.

Duane is a family man who has helped raise two children of his own, and who is now a proud grandfather. He is also an independent businessman. As busy as he is, he could easily find excuses for not volunteering time to his community.

But understands well the notion that young people only mature into leaders and good citizens when adults are willing to give them the proper guidance to set them on the track of leadership and good citizenship. He recognizes that the future of our Nation lies in the hands of today's youth; and he knows that many valuable lessons, which will serve these young people in life, are often and best learned on the playing fields. He prepares each member of his teams to do one thing—to compete. By accepting the challenges of competition, people and nations grow stronger.

Mr. Speaker, I ask my colleagues to join me in paying tribute to Duane Erickson as he is recognized by Nashua, his home city, with the "Service to Youth Award" for 1992. We commend him for his volunteer spirit and his dedication to our youth, attributes which will stand as a shining example for others to follow.

REGULATORY ACCOUNTABILITY ACT OF 1992

HON. J. DENNIS HASTERT

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. HASTERT. Mr. Speaker, today on behalf of myself and Congressmen COMBEST, DELAY and EWING, I am introducing the Regulatory Accountability Act of 1992. This legislation promotes more effective and efficient regulation and accountability. In short, this initiative will force agencies to prioritize regulations.

According to a recent report published by Professor Thomas Hopkins of the Rochester Institute of Technology, entitled "The Costs of Federal Regulation," Federal Government regulation and related compliance currently costs American consumers over $400 billion per year. Moreover, this "hidden tax" is paid by the average household through higher prices, decreased product selection, increased paperwork, lost time, job loss, and other costs of compliance. Furthermore, Federal regulation and compliance costs are draining valuable resources that could instead be used for research and development and thereby keep America competitive in the world market. The legislation that I and my colleagues are introducing today proposes to lessen the additional financial burden that Federal regulations place on American families as well as to reduce Government's chokehold on America's productivity and thereby begin to provide the necessary environment for a renewed expansion of American jobs.

Specifically, this legislation places a 3-year cap on overall costs of regulation. Under this Act, in order for a new regulation to go into effect, any new costs associated with the regulation must be offset by equal regulatory savings. Such offsetting of any new costs may be achieved by revising existing regulations, revoking existing regulations, trimming and streamlining the paperwork burden, or by any other type of regulatory offsets. This act does not, however, preclude an agency from promulgating regulations that may be essential to the American people. Rather, it provides for a uniform review of costs, benefits, and alternative approaches while allowing for the implementation of the most important rules and the assessment of costly, inefficient regulations.

In conclusion, Mr. Speaker, new regulations must be prioritized. The "Regulatory Accountability Act of 1992" will accomplish this objective. This legislation forces Government agencies to regulate "smart," thereby promoting a more effective, efficient, and accountable regulatory process.

INTERNATIONAL AID: AN ORGANIZATION AND A MISSION

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. VANDER JAGT. Mr. Speaker, just a few days ago the House of Representatives passed a foreign assistance appropriations bill and forwarded it to the Senate. Of late, and during consideration of the bill, there has been expressed sentiment that the United States, in view of the new world order, reduce its foreign assistance and significantly withdraw from economic and military operations around the world.

I say that we would do so at our peril.

While we must continue to seek, and I applaud, adjustments in our foreign assistance programs and shifts in military support to our international partners, we must take great care not to imperil the peace by ignoring its needs.

I am especially proud of private organization efforts—which exemplify both the responsibilities we have to humanitarian objectives, and the need to involve ourselves in our ever changing and shrinking world.

International Aid, headquartered in Spring Lake, MI, in our Ninth Congressional District, recently published its annual report and I believe that its story of outreach and involvement is worthy of my colleagues attention—and notice as we consider human needs in our changing world.

And the needs are great—in less developed and Third World countries where death from starvation is a daily occurrence, where disease attributable to unsanitary conditions is pandemic, and where illness from treatable conditions is epidemic.

The United States, working through its multilateral and bilateral agreements, and through the United Nations, must continue to address these problems.

In addition to Government action, though, we must support and facilitate the activities of

the many private organizations which provide assistance around the world. These groups, like International Aid, work to increase the well-being of people around the world through programs of economic and social development, relief, reconstruction, and environmental protection. They do so, most importantly, by tapping the innate sense of human compassion which we all share.

And, of course, they do so by developing and nurturing the generosity of those who may serve abroad, and of the institutions, businesses, and industries who can contribute goods and services to those less fortunate. It has been my personal pleasure to have been supportive of, and to recognize, the work of International Aid, which last year distributed $22 million in assistance around the world—and at a cost of just a bit over 2 percent in overhead. That is remarkable, and it is just one more reason why we all know that private assistance efforts can be so much more efficient and effective in meeting people's needs.

I offer the narrative from the annual report of International Aid for my colleagues' review, and as an encouragement to continue to support budgetarily reasonable and socially responsible foreign assistance efforts:

ENABLING, ENCOURAGING AND EMPOWERING—A YEAR OF GROWTH AND CHANGE

International Aid is a non-denominational Christian relief and development agency that provides food, health and hope to those who desperately need assistance in America and throughout the world. International Aid works in partnership with a worldwide network of more than 500 relief organizations, non-governmental organizations and indigenous churches in over 140 countries.

Our mission is "enabling those who serve", and we do so by supplying information, personnel and gifts-in-kind to worthwhile programs. We recognize that there is a significant synergism from relief to rehabilitation and development by supporting these five major programs which enable, encourage and empower.

GENERAL RELIEF

Relief supplies are shipped quickly in response to major man made and natural disaster areas. These tangible resources are provided to indigenous groups and service institutions who care for the needs of the poor and disadvantaged.

DEVELOPMENT PROGRAMS

The organization supports sustainable development programs which help people become self-sufficient by providing training, education, resource materials, and evaluation in various fields such as medicine, agriculture, etc. This promotes self-reliance, productivity and human dignity; moreover, this augments the proper stewardship of the earth's resources.

MEDICAL PROGRAMS

Strengthens medical services around the world by providing pharmaceuticals, medical supplies, textbooks, basic and technical medical equipment to clinics and hospitals. International Aid designs and manages integrated health-care projects, training for emergency and long-term development programs with a primary focus on training counterpart health personnel.

MISSION ASSISTANCE

Personal, health care, clothing, literature, and other tangible products are provided for both long-term and short-term missionaries and relief workers, for their individual use while on field assignments.

DOMESTIC PROGRAMS

Supplies of food, clothing, educational materials and other goods are provided to rural and inner-city agencies which care for the homeless and needy families in America. International Aid also responds to the general population in times of natural disaster.

Nineteen ninety-one was a year of tremendous growth and important change for the organization. Last year nearly $22 million of food, clothing, medical equipment and supplies and seeds were shipped. We have now served over 140 countries around the world. The 333 major shipments sent represent a 50% increase from the previous year's record of 222. We are grateful for the faithfulness of contributing partners that include individuals, churches, businesses and foundations.

The new leadership team is committed to the continued mission of providing hope to the needy in America and the world. The support of caring partners has enabled us to reach thousands with life-sustaining help.

The following summarizes some of International Aid's major efforts to meet these challenges during 1991:

Thousands of blankets and over 100,000 oral rehydration solution packets were provided to the Kurdish refugees under the Emergency Assistance Program.

International Aid joined with partner agencies to provide emergency relief to the survivors of the devastating floods in Bangladesh.

The Republics of the former Soviet Union were recipients of over $3 million worth of food, clothing and medical supplies and equipment. The Chernobyl children, victims of the radiation fallout from the nuclear disaster received special attention through packages of hope that included a blanket, personal hygiene items, a toy and other needed items.

To support sustainable development programs, vegetable seeds were sent to communities that desired self-reliance and self-dignity. In Eastern Europe this gift helps break the cycle of poverty and, moreover, enables them to work to provide for themselves.

Major shipments of food, clothing, medical equipment supplies and Christian literature were sent to China, Mongolia and Vietnam. With the democratic changes in Mongola, International Aid was one of the first Christian relief and development agencies to be recognized by the government officials.

Programs in the United States complement International Aid's global work. We have partnered with many U.S. agencies to provide tangible resources that give hope to needy families and encourage them in a time of economic disadvantage.

Together we reached out to provide hope to the orphans and widows; to help victims of disease; and enable the poor. As we joined with you our partners, we provided food, health, and hope to thousands around the world who desperately needed help. Thank you.

CONGRESSMAN MONTGOMERY CHARTS FUTURE OF VETERANS HEALTH CARE SYSTEM

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. BROWN. Mr. Speaker, my distinguished colleague and chairman of the House Veterans Committee, SONNY MONTGOMERY, has published a very informative and powerful oped article about the future of our Nation's veterans health care system in today's edition of the Washington Post. In this article, Congressman MONTGOMERY makes a compelling case that the VA health care system has contributed mightily to the health care infrastructure of our entire Nation. More importantly, he argues that this system is a valuable asset to be viewed as part of the solution and not part of the problem in overhauling the delivery of affordable, high-quality health care to all Americans.

I insert Congressman MONTGOMERY's article in its entirety and I commend it for careful reading by all of my colleagues:

THE VA'S SICKBED

(By G.V. Montgomery)

The Department of Veterans Affairs (VA) health care system has never confronted a more critical watershed in its 62-year history than it does today. The course it charts over the next few years will determine its very survival. Considering the perennially deficient budgets and dwindling resources that have affected both its productivity and its reputation, considering that VA has become little more than a political afterthought in discussions of national health policy, the public and policy makers must be made aware of the department's contributions to medicine and what it can offer to help meet the nation's increasingly complex health care needs. VA must not stand on the curb and watch the healthcare reform parade march past.

To date, national health care reform proposals have either slighted VA or called for its dismantling. It is clear that VA cannot exist in a vacuum. It must either become more deeply interrelated with private-sector medicine and other government health care programs or face a gradual shutdown. To survive, VA must be an active contributor to any national health care package. For instance, it is a leader in geriatric care, treatment of post-traumatic stress disorder, spinal-cord injury care and research, and has had a considerable impact in many other fields. To survive, VA must retool its resources, restructure its priorities and look beyond its primary patient population. It can still be independent, but it must be a player.

To some veterans, such proposals will seem an act of heresy, but the hard truth is that if VA is going to be around in the 21st century, all sides of the so-called Iron Triangle—VA, Congress, and the national veterans' service organizations, as well as individual veterans—must reassess the system's mission and begin thinking of VA as a part of the whole health care solution.

Obviously, as our Armed Forces are reduced in size, fewer veterans will be coming out of them in the future. By the turn of the century, the veterans' population of 26.6 million will likely have declined to 24.1 million, and without 40 years after that to around 13 million. Judging by current VA hospital usage, only about 10 percent of those veterans will actually obtain VA medical care.

Thus it will be increasingly difficult in the future to defend the continuance of certain VA medical programs. It won't be a question of money but of quality—not enough patients for health professionals to maintain their proficiency, or enough to justify certain services, units or entire medical facilities and, ultimately perhaps, the system itself. Purely hypothetical, right? Well the VA

inspector general recently targeted 33 surgical units for closing because of underutilization. It's beginning, it's here and it's now.

Though the size of the general veteran population will decline, there will be a dramatic increase in the number of older veterans. In the next eight years, two-thirds of America's male population over age 65—9 million individuals—will be veterans. This challenge raises many questions. Does VA have enough long-term care programs? Enough nursing home beds? How many of these veterans will seek and obtain VA-sponsored care? Are there feasible ways to expand this number? Would veterans agree to pay part of the cost to avoid being denied VA care altogether? VA must develop a strategic plan to address these and many other considerations, and it must have the means (money, staff, equipment, infrastructure) and the vision to do it.

VA cannot be all things to all people; its resources are limited. In calling on Congress to enact streamlined eligibility rules that provide certain veterans with all needed health care services, VA leaders have failed to launch the changes required to meet this broad objective.

Congress must establish explicit eligibility criteria, but this task has been complicated by VA's failure for more than a decade to position itself to effectively care for aging veterans. The expansion of its outstanding noninstitutional care programs (adult day care, hospital-based home care etc.) to all VA hospitals, the restructuring of medical center missions, the conversion of hospital beds to nursing home beds and other logical changes have received far too little attention. VA officials project that these changes are five to eight years away. In my view, that's not soon enough.

Equally important is the question of whether the public will continue to support an independent health care delivery system for its veterans. There are very good reasons that it should.

This country and its veterans have traditionally looked to VA to treat combat-related injuries and disabilities and the postwar stress-related and rehabilitative needs of those who accept the nation's uniform. Its medicine is particularly sensitive to the unique concerns of the more than 1 million veterans who annually use its hospitals.

The VA patient population is composed of individuals with, at best, modest incomes who more often than not cannot afford private health insurance and who, in the case of its older patients, would further burden a Medicare program already bursting at its fiscal seams. Bottom line: Without VA, taxpayers would pay more for the care of veterans who are fortunate enough to make their way to it, and many others would fall through the cracks.

More than half the nation's practicing physicians have received at least a portion of their training in VA hospitals. Each year, VA trains approximately 100,000 health care professionals, and it is affiliated with more than 100 medical schools across the country. VA has one in every 16 hospital beds in the nation. Its medical research program benefits veterans and non-veterans alike.

Such a system is not one we can afford to lose by wholly fusing it into a national health care plan. We cannot allow VA health care to lose its identity, to be lost in the crowd of health care by voucher, but it can certainly complement the reform effort. It can and must be a part of the solution.

TOURISM MEANS DOLLARS FOR OREGON

HON. MIKE KOPETSKI

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. KOPETSKI. Mr. Speaker, the summer season is upon us. In Oregon this means tourism. This also mean jobs for Oregonians. A few of the points of interest in my congressional district are sites along the Oregon Trail, the Mount Hood Recreational Area, Silver Creek Falls, Opal Creek, Detroit Lake, numerous wineries, and the newly opened Oregon Coast Aquarium.

As a member of the U.S. congressional travel and tourism caucus, I am pleased to share with my colleagues an article from the Clackamas County Review, titled "Tourism: It Has Many Fine Points To Ponder." I encourage all Members to review this article and take a moment to recognize the important role tourism plays in the U.S. economy and in particular the benefits of tourism to each State in the country.

[From the Clackamas County Review, June 25, 1992]

TOURISM: IT HAS MANY FINE POINTS TO PONDER

(By Diane Quick)

Perhaps your business is doing well, but you attribute little of its success, if any, to the tourist industry. In fact you may think tourism only affects the "other guys," the restaurants, hotels and motels in your area. Well, think again.

Tourism is big business in Oregon, big business that helps us all. Here are some interesting facts:

According to the Economic Development Department, tourism is Oregon's third largest industry, topped only by forest products and agriculture. Statistics from the Oregon State Tourism Division's 1989 Economic Impact Study reflects not only the importance of tourism, but also its growth.

Consider the following:

1. Oregon's tourism industry has grown 33 percent in the past three years.

2. The state's tourist industry employs 43,000 people and has a payroll of $422 million.

3. Travel expenditures in the state (1989) grew to $233 billion.

4. Travelers who stayed in commercial accommodations were responsible for nearly 50 percent of all travel-related expenditures.

5. Nearly 25 percent of the travel-related expenditures occurred in retail sales firms. This figure totaled almost $757 million.

6. Visitors spent more than $550 million in eating and drinking establishments.

What these numbers mean are big bucks, big dollars for Clackamas County, Oregon and the United States.

These numbers mean dollars for the obvious tourist-related firms, such as car rentals, lodging, restaurants, airlines and other transportation providers. But let's not forget every year thousands of visitors attend attractions like the Rose Festival professional sporting events, movies, theaters, bowling all,eys, local historic sites, and so on. Visitors also attend special events, including fairs, rodeos, and festivals.

Tourism also is important to local agencies, clubs, and service organizations. Local clubs, such as the Lions Club, Rotary, and Kiwanis, play an important role in hosting annual state and national conventions. Conventions, we know, mean mega dollars for the local economy.

Tourism is big business. Every $1 spent in the country generates itself 24 times before it stops.

In fact, travel spending in the United States averages $959 million each day, $40 million each hour, $660,000 each minute and $11,000 every second.

That's a lot of money. Keep it in mind every time you see an out-of-state license plate and every time you meet a visitor, be ready with a warm smile and a quick handshake. This visitor is a vital key to the success of our own economy. We all profit either directly or indirectly from tourism.

FORT GEORGE G. MEADE CELEBRATES 75th ANNIVERSARY

HON. C. THOMAS McMILLEN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. McMILLEN of Maryland. Mr. Speaker, I rise today to celebrate and commemorate the 75th anniversary of Fort George G. Meade. This illustrious military facility has experienced many wonderful moments throughout its history and I have had the distinct pleasure of serving Fort Meade in the House of Representatives. I wanted to elaborate to my colleagues a brief history of Fort Meade to illustrate how vital a role it has played in our Nation's military history.

The installation was originally authorized by Congress in 1917 as 1 of the 16 training cantonments to be built for troops drafted during World War I [WWI]. The Village of Admiral, on the Washington, Baltimore, and Annapolis Railroad, in Anne Arundel County, MD, was chosen as the site for the new cantonment. The U.S. Government commandeered 4,000 acres of land, bringing the installation's total size to 9,349 acres.

The installation was named Camp Meade in 1917 in honor of Maj. Gen. George G. Meade. During WWI, about 103,000 men were trained here. When the war ended in November 1918, the camp served as a demobilization center for troops returning from overseas. More than 96,000 men were processed out of the service. During the summer of 1918, the Franklin Cantonment, named in honor of Benjamin Franklin, was authorized and constructed within a mile of Camp Meade. Approximately 2 months after it opened, the 400-acre cantonment lost its independent status and was made a permanent part of Camp Meade.

During World War II, Fort Meade served as Prisoner of War Information Bureau. In 1943, the Army Ground Forces Replacement Depot No. 1 was organized. More than 1.5 million men were shipped overseas from Fort George G. Meade. In May 1945, this same organization was utilized as a separation center, processing more than 400,000 men back to civilian life.

The base supports a variety of wildlife species and is of particular importance to waterfowl, woodcock, woodpeckers, barred owls, songbirds, and upland game. Over 100 species of breeding birds have been recorded at

Fort Meade, and bald eagles have been observed in nest building activities. The forest and floodplain have acted as an extension of the adjacent Patuxent Wildlife Research Center [PWRC] habitats. Several research projects using Fort Meade land are currently being conducted by the PWRC. The Army has an existing cooperative agreement and management plan with the U.S. Fish and Wildlife Service and the Maryland Fish and Game Department to maintain a diverse habitat for migratory waterfowl and upland game species.

The old growth forest provides nesting habitat for 18 of 19 bird species considered as forest interior dwelling species by the State's forest, park, and wildlife service. To date, several species considered rare have been recorded on the property; they include the northern pine snake and the glassy darter.

I, once again, would like to reiterate my commitment to Fort George G. Meade and the men and women who serve there. As a Member of Congress, I am looking forward to working with Fort Meade so they can continue to protect the interests of the United States as well as they have for the past 75 years.

THE INTRODUCTION OF LEGISLATION TO ASSIST BLIND VETERANS

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. HORTON. Mr. Speaker, since the midthirties, New York State has paid blind disabled veterans a monthly annuity. Qualified veterans—of which there are slightly less than 2,000—receive monthly payments of $41.66, the same amount as has been paid since the program's inception.

There is a sentiment among lawmakers in Albany, NY, to increase the blind annuity. Unfortunately, should the State decide to increase the blind annuity, the Department of Veterans Affairs would respond by reducing Federal pensions paid to these individuals by the same amount. Thus, there would be no net benefit for New York's veterans receiving the annuity. Moreover, the State would, in practice, be assuming part of the Federal Government's responsibility.

The legislation I, along with the entire N.Y. State Congressional Delegation, am introducing today will prevent the Department of Veterans Affairs from penalizing New York's blind veterans should the State increase the blind annuity. Senator D'AMATO is introducing a companion bill today as well.

Our legislation will exempt any increase in the New York blind annuity from the determination of annual income for the purposes of the payment of VA pensions. Incidentally, the Internal Revenue Service already considers the blind annuity to be a gift rather than income. Because our legislation only exempts increases, it is budget neutral.

Mr. Speaker, this legislation will make our Government's policy toward blind veterans more equitable. It won't cost the Government a cent. And it is long overdue. I urge the House to expeditiously enact this legislation.

A TRIBUTE TO DR. DAVID L. WITMER

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. KOSTMAYER. Mr. Speaker, I rise today to recognize one of my constituents, Dr. David L. Witmer, of Bristol, PA, who will be retiring from the Pennsylvania school system on September 13, 1992, after 30 years of excellent service in the field of public education.

During his many years, Dr. Witmer has had a very productive and distinguished career, serving 6 years as a public high school teacher, 2 years as guidance counselor, and 22 years as superintendent of schools in 3 different school districts. In each district, he was instrumental in instituting positive community relations programs and recognition programs for students, staff, and community volunteers. In this capacity, he has served as a lecturer and an author of weekly newspaper columns.

Among his many community service activities, Dr. Witmer has served as director of the Foundation for Educational Excellence, a member of the Highland, PA, Presbyterian Church, and the Heart Association Fund drive.

As an entrepreneur, Dr. Witmer further demonstrated his dedication to the community, by assisting neighborhood groups through his prolific fundraising efforts on their behalf.

Mr. Speaker, these are just a few of Dr. Witmer's outstanding contributions to the Commonwealth of Pennsylvania. But as you can see by those I have cited, Dr. Witmer deserves every commendation and I ask my colleagues to join me in paying tribute to this outstanding individual from my congressional district.

TRIBUTE TO DENNIS CLIFTON ERVIN

HON. CLYDE C. HOLLOWAY

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. HOLLOWAY. Mr. Speaker, I am pleased to pay tribute today to someone who is a credit to his family, his State, and his country. The individual of whom I speak is Mr. Dennis Clifton Ervin of Springfield, MO, who celebrated his 74th birthday last month.

Mr. Ervin is the former owner of an American Eaglet, an airplane whose sister craft is exhibited at the Smithsonian Institution. A lifelong aviator, Mr. Ervin's association with the industry is a reflection of his love of aircraft of all sorts. He spent decades helping break new ground in the aviation industry. I am proud to salute him today.

COMMENDING COOK, NEBRASKA, FOR DISTINCTION AS "AMERICA'S BEST SMALL TOWN"

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. BEREUTER. Mr. Speaker, this week a community in this Member's district was named America's Best Small Town. Cook, NE, a community of 340 people in southeast Nebraska was awarded this honor because of its "can do" approach, its good schools, and the ability of its people to pull together in good times and bad.

In making the award, the contest's sponsors said that "the past * * * is an important part of small town America * * * We found that Cook is a 'can do' community today, just as it was 100 years ago." Certainly, building on the past is an important part of life for all communities, large or small. Cook, NE is building a strong, proud future on its successful past.

Mr. Speaker, I congratulate the people of Cook for not only making their community America's Best Small Town, but also for representing the values of hard-work, community spirit and cooperation that all Nebraskans share and appreciate.

RULE ON H.R. 3603, THE FAMILY PRESERVATION ACT OF 1992

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to the rules of the Democratic caucus, I wish to serve notice to my colleagues that I have been instructed by the Committee on Ways and Means to seek less than an open rule for the consideration by the House of Representatives of H.R. 3603, the Family Preservation Act of 1992, as amended.

"MACEDONIA" FOR GREECE

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. GREEN of New York. Mr. Speaker, on June 26–27, the European Council met and issued a declaration on former Yugoslavia. On the problem of Macedonia, the Council stated:

The European Council reiterates the position taken by the Community and its member States in Guimaraes on the request of the former Yugoslav Republic of Macedonia to be recognized as an independent state. It expresses its readiness to recognize that republic within its existing borders according to their Declaration on 16 December 1991 *under a name which does not include the term Macedonia* (my emphasis). It furthermore considers the borders of this republic as inviolable and guaranteed in accordance with the principles of the United Nations Charter and the Charter of Paris.

I hope this will provide the United States with important guidance on the issue of recognition of the Skopje regime, which remains a serious concern for Greece. On this issue, I commend to the attention of my colleagues the following piece by Leslie Gelb from the June 12, 1992, New York Times:

[From the New York Times, June 12, 1992]

"MACEDONIA" FOR GREECE

(By Leslie H. Gelb)

ATHENS.—What's in a name? Ghosts or real historical demons. Perhaps war or peace. Nothing and everything.

The name in question is Macedonia, birthplace of Alexander the Great and Aristotle. Some 1.9 million souls who used to constitute a republic within Yugoslavia now insist they must have that name for their newly independent state. Greece, with its own province of Macedonia, says it will recognize the new state, with its capital of Skopje—but only if "Macedonia" appears nowhere in its name.

From the Balkan wars of 1913 to the Greek civil war of 1946 to 1949, when Greek and Macedonian Communists tried to unite the two Macedonias into Yugoslavia, tens of thousands have died over this obscure pinch of land. And over the issue today, Greece is united as it has rarely been throughout what Greeks here call their 2,500 years of democracy.

This history and situation would be quite unremarkable save for one very curious occurrence: Most West European nations and the U.S. are not supporting Greece in the matter. That fence-sitting is curious, even mysterious, because the West has every incentive to back reform-minded Prime Minister Constantine Mitsotakis—whose two-seat majority in Parliament surely will collapse unless he can bring the Macedonian issue to a successful conclusion.

The question of Western neutrality and even quite opposition saturates newspapers, television and daily conversation in this low-slung, white city on the Aegean.

The conservative Mr. Mitsotakis is the most pro-American Greek leader in a very long time. He consummated a controversial naval base agreement with the U.S. He recognized Israel and got tough on terrorism. Surprisingly, he delivered Greek help for the war against Iraq. He has the full weight of the powerful Greek-American lobby behind him, a lobby with close ties to President Bush. Not least, the alternatives to Mr. Mitsotakis are the notoriously anti-American Socialists.

The 12-nation European Community, of which Greece is a member, also has strong reasons for helping Mr. Mitsotakis out. Greece has become the poorest E.C. nation, a basket case constantly in need of E.C. economic aid. And though E.C. leaders feel that this gentle Prime Minister has not gone far or fast enough in making reforms, they greatly prefer him to Andreas Papandreou, his old and bitter Socialist rival.

Mr. Mitsotakis does not have a good explanation for his plight either. "Perhaps Greece didn't provide enough historical information soon enough to the West" before their positions were staked out, he said in an interview in his office, sitting behind his desk flanked by the Greek and E.C. flags with tables adorned by proud pictures of his extensive family.

He recalled that months ago he offered compromise names like Slav-Macedonia, only to be rebuffed by Skopje and Greek politicians and ignored by the West. Pressed for further explanations, he responded: "I would prefer not to explain."

In the Balkans, answers are always elusive. Perhaps the West does not like the friendly relationship between Mr. Mitsotakis and President Slobodan Milosevic of Serbia. Though the Greeks fully supports E.C. sanctions against Serbia. Perhaps the West fears the two will divide Yugo-Macedonia between them. Though it is now known that Mr. Mitsotakis rejected just such a Milosevic offer. Perhaps the West thinks of Skopje as a democracy. Though it is run by a bunch of Communists who still look to Serbia. Perhaps the West reckons that independence for Skopje can work only if it has the name Macedonia. Though these "Macedonians" are mostly Slavs, and though Macedonia is largely a geographical expression and not a tribal reality. Perhaps Britain and Turkey are secretly conspiring against Greece, as many Greeks darkly suggest.

Or maybe the explanation for Western neutrality is tragically simple—Greece no longer counts. Once at the center of Western civilization, it now seems a backwater.

But such a judgment would be shortsighted. Greece is the one true democracy in the Balkans. And it is led by a man trying to rid the Greek economy of bureaucratic Socialism and who is also working with Turkey toward a solution of the long-festering Cyprus problem. These are not prospects to throw away over a name. Let the West tell Skopje to be "Skopje," and let "Macedonia" be Greek.

JULY 4 TRIBUTE TO THE AMERICAN FAMILY

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Ms. NORTON. Mr. Speaker, on July 4, 1992, we commemorate the birth of our great Nation. It is traditionally a day when families come together to celebrate our hard-won freedoms and the people that made them possible.

Mr. Speaker, for 9 years, this body has recognized July 4th as Family Celebration Day, initiated by a coalition of organizations in the Washington metropolitan area. July 4th is an especially appropriate time to celebrate the American family. The family is the vital core through which we nurture ourselves and our children and prepare them to be productive citizens. The family provides a center of unconditional care, love, and concern for its members.

Mr. Speaker, many families are struggling today and many others are finding it difficult to maintain family life. Our families need reinforcement and support from their national government. The July 4th Family Celebration links our Nation to its families. I therefore ask my distinguished colleagues to join me in recognizing July 4, 1992 as Family Celebration Day, a day to celebrate not only American independence, but its greatest national resource as well—the American Family.

TURKISH GOVERNMENT EXTENDS OPERATION PROVIDE COMFORT

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. SOLARZ. Mr. Speaker, I am pleased to call to the attention of this House the laudable action taken by the Turkish Parliament on June 26 to extend Operation Provide Comfort, the international program of protection for the Kurds of northern Iraq. The action, passed by the substantial margin of 228–136, provided for another 6-month extension, as the U.S. Government had hoped for.

In this vote, members of the Parliament displayed the humanitarian concern of the Turkish people for the Kurds of northern Iraq and others who live within the security zone above the 36th parallel and remain subject to attack by the forces of Saddam Hussein.

United States military forces and others in southern Turkey, by daily overflights of northern Iraq and by other means, prevent any ground incursions into the security zone by Iraqi forces and prevent overflights by all Iraqi aircraft, including helicopters.

The Turkish Parliament's vote, on a recommendation by the Turkish Council of Ministers, underscores yet again Turkey's willingness and ability to be a key player and trusted friend of the West in a critical, sensitive, and volatile Middle East.

The action on Operation Provide Comfort is consistent with Turkey's statesmanship and moderately role with respect to the Governments of Armenia and Azerbaijan regarding Nagorno-Karabagh and Nakhichevan. We are fortunate that our Turkish friends are willing to act as a stabilizing force—a force for peace and security—in the Transcaucasus.

Moreover, Turkey's role as a leader in the Black Sea region was highly visible when, the day before the Parliamentary vote on Provide Comfort, 11 nations led by Turkey—(including Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, and Ukraine)—signed the Black Sea Economic Declaration. This pact, originated by Turkey, is pledged to regional economic cooperation and an end to regional ethnic conflict.

Turkey's statesmanship is of great importance to the foreign policy interests of the United States: It is in the best interest of the United States to care for the Kurds of northern Iraq and to ensure that Saddam cannot carry out his policy of ethnic warfare. It is likewise in our interest to secure the Transcaucasus, Balkans, and the Black Sea region against further unrest and to bring an end to ethnic conflict.

It is extremely unfortunate that at the very moment when Turkey has been so helpful on these issues, the United States House of Representatives has voted to cut military aid to Turkey by $50 million. To make matters even worse, the House has also passed an amendment converting all military grants to NATO members to nonconcessional loans. While this approach may have some merit for the other NATO countries, it is quite onerous for Turkey, which will have great difficulty, given its current economic problems, repaying high inter-

est loans. Therefore, it is my hope that when the Senate takes up the foreign aid appropriations bill in the near future, a way can be found to reverse both the aid cut and the ill-advised switch from grants to loans.

In conclusion, I'd like to once again commend the Turkish Parliament, and the leadership of the Turkish Government, for their initiatives and actions on behalf of regional peace and stability. At a time when Turkey's regional role is more important than ever, I will continue to do everything in my power as a senior member of the House Foreign Affairs Committee to strengthen the bilateral relationship between the United States and Turkey.

THE SAVINGS AND LOAN DEBACLE—FORCING CONGRESS TO ACT

HON. J. ALEX McMILLAN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. McMILLAN of North Carolina. Mr. Speaker, today, Banking Committee Republican Leader CHALMERS WYLIE and I introduced legislation designed to finish the clean-up of the savings and loan debacle. The Resolution Trust Corporation Cost Reduction Act attempts to compel Congress to appropriate the necessary funds to honor deposit insurance at the remaining insolvent thrifts.

Since 1989, the RTC has taken over 649 bankrupt institutions and protected the savings of some $206 billion in over 21 million accounts nationwide. However, the job is not completed. Nearly 5 million deposit accounts, amounting to nearly $45 billion, remain in RTC hands. In North Carolina alone, there are currently 46 thrifts with over 21,000 accounts, representing $116 million, under RTC management awaiting closure.

Earlier this year, Congress defeated a bill which would have appropriated the funds sufficient to allow the RTC to resolve the remaining failed thrifts through next April. Opponents of funding for deposit insurance obscure their reasoning by arguing that they are saving taxpayer dollars. The issue is simple. A failed thrift should be closed and the depositors paid.

The intent of the McMillan/Wylie bill is to persuade Congress to face up to its responsibility. The Resolution Trust Corporation Cost Reduction Act prohibits the RTC from delaying the closing of an insolvent thrift because of lack of appropriated funds. However, instead of fully paying off depositors, the RTC will issue them promissory notes until Congress appropriates sufficient funds. Actually, such notes could be discounted at many banks.

Politically, depositors will be able to take the Government IOU's to their Congressman for collection. Perhaps this will persuade Congress to act. This is not a matter of bailing out the rich, crooked thrift operators. It is a matter of stopping the bleeding and protecting depositors.

KATIE PAPUGA RECEIVES AWARD FOR CREATIVE MERIT IN THE CONGRESSIONAL ART COMPETITION

HON. RONALD K. MACHTLEY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. MACHTLEY. Mr. Speaker, it is my distinct pleasure to congratulate Katie Papuga, of Tiverton, as this year's recipient of the Award for Creative Merit in the Congressional Art Competition.

High schools from throughout the First District of Rhode Island submitted pieces of artwork to the competition. The award is presented to the student whose artwork is deemed most worthy.

Katie Papuga's collage, entitled Daydreaming, was selected for its aesthetic qualities. Daydreaming now hangs in the Nation's Capitol along with other pieces of artwork selected in the art competition.

I commend Katie Papuga for her outstanding artistic achievement, and wish her the best of luck in her senior year at Tiverton High School.

INTRODUCTION OF THE FOREST SERVICE APPEALS ACT

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. RICHARDSON. Mr. Speaker, a proposed rule by the Department of Agriculture to eliminate the administrative appeals process for projects and activities on our National forests should sound a wake up call for everyone concerned about the proper management of our public lands and resources. The proposed rule, put forth in the shadow of overwhelming evidence against its merit, shows blatant disregard for the public's fundamental right to participate in Federal land management policy.

The Forest Service has had an administrative appeals process since 1907. The appeals process has helped the Agency's largest constituency, the American taxpayer, maintain a viable role in Forest Service decision-making activities. However, the administration claims that the appeals process has led to major delays in timber sales and other project level actions—a claim clearly not substantiated by the Forest Service's own data and recent reports by bipartisan Congressional support offices.

In fact, a recent report by the Office of Technology Assessment, one of the most respected and bipartisan arms of Congress, indicates that the Forest Service, not the appeals process, is to blame for slowing down timber sales. Specifically, the report indicates that appeals have not significantly decreased the volume of timber for sale. The same report calls the appeals process a "valuable check on Forest Service decision making." Referring to the number of successful appeals, the report concludes that most appeals appear to be justified.

Another recent report by the Congressional Research Service indicates that the current administrative process serves a useful purpose in pointing out flaws in similarly constituted sales before their processing has been completed. Specifically, the report mentions that "the Forest Service has stated that appeals have served as a means for correcting procedural and substantive flaws in its sales planning. Resolving one sale appeal affords the agency the opportunity to correct similar flaws on other sales."

There is no doubt that some abuse of the appeals process occurs. However, outright elimination of the entire process to address certain abuses is not only bad policy, but will no doubt breed distrust of the agency by the public. In fact, the proposed rule will more than likely worsen the very situation the Forest Service is trying to avoid—delayed and blocked decisions and increased costs—as the public is forced to go to court in lieu of the administrative process.

That is why I am introducing legislation to establish an administrative appeals process that is not only fair to both the public and to natural resource industries, but mandates an expedited time frame in which agency decisions will be made.

Specifically, the legislation directs the Forest Service to establish an administrative appeals process for project level decisions that provides at a minimum 1 level of administrative review. Someone wishing to appeal an agency decision must file the appeal within 45 days of the announcement of the decision. The Forest Service must then respond to the appeal within 45 days from the date the appeal was filed. An automatic stay of action is included, beginning when the appeal is filed, which means the agency cannot initiate action until the appeal is resolved. This will provide an incentive for the Forest Service to resolve the appeal expeditiously.

Support for this legislation by several major environmental groups is expressed in the following letter. I am hopeful that industry will also support this effort as well—a fair and expedited process can only help increase the predictability of timber supply and reduce costs as delays and prolonged litigation are avoided.

Mr. Speaker, Congress cannot in good conscience stand by as the administration attempts to bypass the American public in natural resource policy. After all, we are talking about public lands. I urge my colleagues to support this critical legislation.

JUNE 12, 1992.

The Hon. BILL RICHARDSON
204 Cannon HOB, Washington, DC.

DEAR REPRESENTATIVE RICHARDSON: We are writing to thank you for all of your good efforts to develop legislation to require the U.S. Forest Service to have an administrative appeals process for its national forest management activities. Your proposal represents the kind of process that the agency should be providing—one that is fair, efficient, and expeditious. We are pleased to support it.

As you know, the Forest Service has had an administrative appeals process since 1907. Although the agency is not required by statute to have such a process, it is a fundamental tenet of good government to provide organizations and individuals affected by gov-

ernment actions with an opportunity to seek supervisory review of lower level officials' decisions.

We believe that the agency's recent proposal to eliminate appeals of timber sales, oil and gas leases, and other project level activities is a slap in the face of democratic values. It is all the more onerous when juxtaposed with the administration's aggressive support for legislation that would severely limit judicial review of forest management decisions.

The appeals process is used by state and local governments, recreationalists, hunters, and anglers, as well as by environmentalists. Moreover, it has been instrumental in improving the agency's decision-making. In fact, the Office of Technology Assessment recently reported that:

"The administrative appeals process has been a valuable tool for the Forest Service. It has provided an internal mechanism for clarifying the legal requirements and for testing the soundness of decisions and the appropriateness of current policies and procedures. In addition, the appeals process can lead to better and more consistent decisions by encouraging more responsibility and accountability on the part of deciding officers."

Thank you again for working to ensure that this "valuable tool" for the Forest Service is not abolished.

Sincerely,

JIM BLOMQUIST,
Sierra Club.
BROCK EVANS,
National Audubon Society.
JIM OWENS,
Western Ancient Forest Campaign.
FRANCES A. HUNT,
National Wildlife Federation.
KEVIN KIRCHNER,
Sierra Club Legal Defense Fund.
MIKE FRANCIS,
The Wilderness Society.

H.R.—

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FOREST SERVICE ADMINISTRATIVE APPEALS PROCESS.

(a) IN GENERAL.—In accordance with this section, the Secretary of Agriculture shall establish an administrative appeals process for the appeal of decisions of the Forest Service concerning projects and activities implementing land and resource management plans developed under the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1601 et seq.). The process shall provide, at a minimum, one level of administrative review.

(b) TIME FOR APPEALS.—A person may seek review of an agency decision described in subsection (a) by filing an appeal not later than 45 days after the date on which the decision is announced.

(c) AGENCY DECISION.—An appeal under subsection (b) shall be decided not later than 45 days after the date on which the appeal is filed. If the Forest Service fails to decide the appeal within the 45-day period, the decision on which the appeal is based shall be deemed to be final agency action for the purpose of chapter 7 of title 5, United States Code.

(d) AUTOMATIC STAY PENDING APPEAL.—An agency decision described in subsection (a) shall be stayed beginning on the date the decision is announced and ending—

(1) if no appeal of the decision is filed, 45 days after that date; or

(2) if an appeal of the decision is filed, 30 days after the earlier of—

(A) the disposition by the reviewing office of all appeals of the decision; or

(B) the end of the 45-day agency review period provided for in subsection (c).

SCIENCE EXCELLENCE BY LONG ISLAND STUDENT

HON. GEORGE J. HOCHBRUECKNER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. HOCHBRUECKNER. Mr. Speaker, today I have the honor to recognize the outstanding achievements of Joshua B. Silverman from Stony Brook in the first Congressional District of Long Island, NY, for his work in the field of biochemistry.

Mr. Silverman, a senior at Ward Melville High School, is one of only 22 high school students to be recognized by the Secretary of the Navy as one of the Nation's most promising young scientists.

After being named the overall winner at the Long Island Science and Engineering Fair in Stony Brook, Joshua's biochemistry project on hormone adrenaline and its effects on energy metabolism in animals was entered in the International Science and Engineering Fair [ISEF] held May 12–15 in Nashville, TN. After studying many excellent projects, a panel of Navy and Marine Corps reservists, representing a cross section of engineering and scientific disciplines, and scientific officers from the Office of Naval Research Laboratory in Stennis, MS, chose Mr. Silverman's project to be recognized as outstanding work in the field of biochemistry.

In Tennessee, Mr. Silverman was presented with a certificate of merit, signed by Secretary of the Navy H. Lawrence Garrett III and Rear Adm. William C. Miller, by Comdr. Ronald E. Johnson of the U.S. Naval Reserve. An American flag was also flown over the U.S. Navy Memorial in recognition of Mr. Silverman's achievements.

It is very important that Mr. Silverman's work has been recognized, not only to encourage this exceptional young man to continue to strive for high achievement in science, but also because his work will have many lasting effects. Mr. Silverman's study sets the scene for further research on the effects of a range of regulatory agents.

I would like to extend my congratulations to all of the recipients of the prestigious award, especially Mr. Silverman and his family. I would also like to congratulate Joshua's science teacher, Melanie Krrieger, for her guidance and assistance in his difficult endeavor. I send my best wishes to Joshua in what I am sure will be a promising future.

A CONGRESSIONAL SALUTE TO DR. BEVERLY L. O'NEILL, 1992 CITIZEN OF THE YEAR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. ANDERSON. Mr. Speaker, on Wednesday, July 8, 1992, the Long Beach Exchange Club's Book of Golden Deeds will name Dr. Beverly L. O'Neill as its 1992 Citizen of the Year. It is with great pride and pleasure that I rise today to pay tribute to this exceptional woman, who has distinguished herself as a community leader and outstanding educator.

Dr. Beverly O'Neill's 30-year tenure with Long Beach City College culminated in her selection as Superintendent-President in June 1988. Prior to this post, Beverly had been vice president of Student Services, dean of Student Affairs, dean of the Liberal Arts Campus, Women's Advisor, and Instructor. Her diligent efforts have produced remarkable results for the college. Under her direction, the Long Beach City College has established a Continuing Education Center for Women, a program designed to aid women returning to college. She was also a founder of the Long Beach City College Foundation, which has grown to have endowments which rank in the top 10 percent of all college foundations in the country.

As a lifelong resident of Long Beach, Dr. O'Neill received the greater part of her education from local schools. She graduated from Poly High School, received her A.A. degree from Long Beach City College, and her B.A. and M.A. from California State University, Long Beach. Dr. O'Neill received her Ph.D. from the University of Southern California in 1977. Beverly also completed post graduate work at the University of Vienna, Austria.

In addition to her scholastic achievements, Dr. O'Neill has made many notable contributions to our community. She is a member and former vice president of the Long Beach Rotary, a member of the YMCA board of directors, a member of the Memorial Hospital Foundation, and a member of the board of directors for the United Way. She is a former member of the board of directors for the Long Beach chapter of the National Conference of Christians and Jews and she is past president of the Association of California Community College Administrators.

Throughout her illustrious career and tireless community service, Dr. O'Neill has been the recipient of numerous awards and honors. She received the Chief Executive Officer Award for the pacific region presented by the Association of Community College Trustees, the Community Services Award from Community Services Development Corporation, Inc., the Harry Buttimer Award from the Association of California Community College Administrators, and the Humanitarian Award from the National Council of Christians and Jews. Additionally, Beverly has received the YWCA Women of Excellence Award, the Rick Rackers' Long Beach Woman of the Year, the Distinguished Alumni of the Year, California State University, Long Beach, and the Hannah Solomon Award from the National Council of Jew-

ish Women. Beverly has been chosen Woman of the Year by the City of Long Beach Human Relations Commission and Business Woman of the Year by the Long Beach International Chapter, Business and Professional Women. She is in the Soroptomists International of Long Beach and the Long Beach City College's Hall of Fame.

Mr. Speaker, Dr. Beverly L. O'Neill's record of service to Long Beach City College and the community is exemplary and admirable. She is truly a very special individual. My wife, Lee, joins me in extending this Congressional salute to Beverly. We wish Beverly, her high school sweetheart husband, Dr. William F. O'Neill, and their daughter, Teresa, all the best in the years to come.

TRIBUTE TO HELENA AUGUSTINE DEJAN

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. DIXON. Mr. Speaker, I rise to pay homage to a wonderful and caring woman who passed away on June 17, 1992, in Los Angeles. Mrs. Helena Augustine Dejan, who celebrated her 74th birthday in May, was for 55 extraordinary years the wife of Leo John Dejan. Theirs was a union that embodied everything that is good about relationships and family and I am honored to have this opportunity to salute the life of Mrs. Dejan.

Born on May 28, 1919, in New Orleans, LA, to Odette and Joseph Charbonnet, Helena married Leo John Dejan on July 16, 1937. In 1947, Leo and Helena moved to Los Angeles with Leo, Jr., and Glynis. The family grew to five with the birth of Debbie.

Leo and Helena had a wonderful relationship and provided a stable and nurturing environment for their children. Together, they worked hard to ensure that their children received a good education and through the unity and strength of their marriage and a mutual commitment to excellence, provided a strong familial model for their children to emulate.

Helena worked as an investigator for the county of Los Angeles for 27 years. Leo was a jazz enthusiast and for many years, the couple traveled with various New Orleans Jazz ensembles throughout North and South America and Europe.

In July 1987, the Dejans celebrated their golden wedding anniversary. Helena and Leo were inseparable. At their anniversary celebration attended by a sizable group of family and friends, Leo brought tears to Helena's eyes when he sang a love song he had written for her. Yes, Leo and Helena were inseparable. They shared a union few of us are fortunate to experience.

Helena loved her church, St. John the Evangelist. She loved and helped to sustain the life of her mother, Odette—who at 98 years of age—survives her. She loved her children, her grandchildren, and her brothers and sister. She loved the couple's many friends, and she loved life and lived it to its fullest. Those who had the privilege of knowing her are especially blessed for the experience. Helena was bowling with her beloved Leo and some of their friends when she suffered a stroke on April 24, 1992. Her recovery was progressing nicely when a higher power prevailed.

Helena lived a rich and fulfilling life; a life more deserving of celebration than of sadness. Celebration for her contributions as a wife, mother, and caregiver. Celebration for the love she so selflessly gave to humanity. Celebration for all of the joy she brought to those around her and celebration for the love and commitment to her faith.

In addition to her cherished Leo, her mother, Odette, her children, Leo, Jr., Glynis Ann Morrow, and Debbie Maria Starkey, Helena is survived by her sister, Joyce Haywood and brothers, Joseph Charbonnet, Jr., and Nolan Charbonnet. Also surviving are her grandchildren: Carla Cavalier, Melvin Cavalier III, Brandon Starkey, Erik Starkey, Stephanie Starkey, and many friends.

DENISE PARKER'S SELECTION TO THE XXVTH OLYMPIAD IN BARCELONA, SPAIN

HON. WAYNE OWENS

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. OWENS of Utah. Mr. Speaker, my home State of Utah has a deep reverence for the outdoors. Every year, hundreds of thousands of sportsmen flee to the hills for Utah's annual deer hunt. We take pride in that tradition. A few years ago, in fact, I took up bow hunting myself. One place you won't see me, though, is on the archery range trying to match the skill, the precision, and the commitment of Denise Parker.

Denise Parker, of South Jordan, UT, is one of America's most preeminent archers. In the 1988 Olympics, the then 14-year-old Denise Parker caught America's attention by helping the United States archery team capture a bronze medal. She might not get the same press attention as Michael Jordan or Carl Lewis this summer, but she done her family, her State, and her Nation proud. We wish her, and all of our Olympic athletes, the best of success in Barcelona.

TRIBUTE TO MR. RONALD ANDERSON

HON. RICHARD H. BAKER

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. BAKER. Mr. Speaker, I rise today to give special recognition to a friend and constituent of mine, Mr. Ronald Anderson, who has shown remarkable vision and leadership in his capacity as president of Louisiana Farm Bureau Federation for 3 consecutive terms.

For the past 3 years as Farm Bureau President and from 1985 to 1989 as its second vice-president, Ronnie Anderson has fought hard for the issues that are vitally important to the livelihood of farmers in Louisiana. A native of Ethel, LA, Mr. Anderson operates a 120-head dairy farm, raises 300 head of beef cattle, and farms row crops in both east and west Feliciana Parish.

As an active member of both Southern Farm Bureau Casualty and Southern Farm Bureau Life Insurance Company Boards of Directors, as well as a member of the Board of Southern Farm Bureau Cash Fund, Ronnie Anderson deeply understands the precarious economic nature of the farmer. His role as chairman of the American Farm Bureau Wetlands Study Committee and as a member of the American Farm Bureau Trade Advisory Committee demonstrates that he has a deep commitment to the issues that are so vital to Louisiana farmers, such as wetlands reserve programs, cotton, and dairy prices, and free trade agreements.

Mr. Speaker, it is with honor that I rise to recognize Ronald Anderson. I ask my colleagues in the House of Representatives to join me in extending best wishes and congratulations to this distinguished community leader.

INTRODUCTION OF RESOLUTION TO DESIGNATE OCTOBER 8 AS NATIONAL FIREFIGHTERS DAY

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. WELDON. Mr. Speaker, I rise today to introduce a House Joint Resolution to designate October 8, 1992, as National Firefighter's Day. As the chairman of the Congressional Fire Services Caucus, I am pleased to sponsor this very important measure.

Few professions in our society do so much with so little recognition as firefighters. Three hundred and sixty-five days a year, 24 hours a day, these brave men and women risk their lives to save those of their friends, neighbors, and complete strangers.

In the United States, there are approximately 3 million firefighters; who respond to over 2,300,000 fires annually. These fires also result in almost 6,000 deaths and $10 billion in damages each year. If it were not for our nation's fire service, one could only wonder how much higher the cost would be to our society.

To honor these unsung heroes, we should set aside one day to remind all Americans about the daily contributions of the fire service. My resolution does exactly that.

As a former fire chief, I urge my colleagues to recognize our Nation's domestic defenders by joining the more than 120 original cosponsors by signing on to National Firefighters Day.

INTRODUCTION OF LEGISLATION TO ELIMINATE THE BUDGET DEFICIT

HON. TOM CAMPBELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. CAMPBELL of California. Mr. Speaker, the budget deficit is causing a crisis in this

country that is both fiscal and spiritual in nature. This fact has been acknowledged by the vast majority of Members who supported the Balanced Budget Amendment.

The seemingly ever-increasing deficits are taking money from citizens either through taxes or through Federal borrowing, diverting money that might otherwise be spent on investing in America's future.

The hypocrisy of habitual overspending and missing or rescheduling budget cutting targets is causing the American people to lose faith in their Government. This attitude is as dangerous as the fiscal crisis.

We must restore the Government to a sound financial footing and regain the people's trust by realistically and responsibly bringing the budget into balance. I have introduced a bill to do just that.

This bill would create incentives to cut Government spending decisively, reduce taxes, and eliminate the deficit over the next 6 years. The spending limitation will put Government finances on a responsible path and would be enforced through a Gramm-Rudman-Hollings-type sequester.

The key element necessary for a sustainable spending limitation plan is giving citizens, and thereby their legislators, rewards for fiscal restraint. The incentive is that the spending cuts will automatically trigger corresponding tax cuts—for every 4 dollars in savings, personal income taxes would be cut by 1 dollar. For instance, a $40 billion cut in expenditures would result in an across-the-board 2 percent reduction in income tax rates.

By enacting this bill we will eliminate the constant pressure to increase Government spending and get to the real work of setting budget priorities. The voices of the special interests, each requesting more money for their pet projects and programs, would be balanced by the voice of the people united in the goal to lower the deficit and consequently their taxes. If I may be so bold, let me invoke the words of James Madison: "To secure the public good, and private rights, against the danger of * * * faction, and at the same time preserve the spirit and form of popular government, is the great object to which our inquiries are directed."

Mr. Speaker, budget deficits pose a serious and real threat to our Nation. Let us now direct our inquiries to the consideration of this bill, which could eliminate the deficit and heal the wounds it is causing.

MEDICARE GEOGRAPHIC CLASSIFICATION TECHNICAL AMENDMENTS

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. VISCLOSKY. Mr. Speaker, today, I am introducing legislation to clarify and correct some technical problems in the Medicare Prospective Payment System. Many hospitals nationwide are experiencing serious problems with the Medicare Prospective Payment System and the Health Care Financing Administration's [HCFA] classification system. I share these concerns and believe the problems can be easily corrected.

Under the current system, hospitals are faced with an unfair differential in payments between urban and rural hospitals. These payments are based upon the statistical makeup of the county in which a hospital is located, and the how that county qualifies under the Census Bureau's Metropolitan Statistical Area [MSA] system.

The legislation I am introducing today, would restore the fairness and predictability intended by Congress when it established the current reclassification process for hospitals.

My bill will clarify the adjacency criteria, correct the runaway MSA problem, protect "disproportionate share" hospitals that are reclassified, and establish wage rate floors for hospitals affected by geographic reclassification. Each of these changes provides the predictability and fairness intended when Congress permitted hospitals to seek reclassification through the Review Board. Finally, this legislation accomplishes these important changes in a budget neutral fashion with the technical amendments to be effective for Medicare discharges occurring on or after October 1, 1992.

While the financial impact on the Medicare system as a whole is minor, the adjustments to the individual hospitals significantly affects their ability to provide quality health care services to the ever-increasing number of Medicare beneficiaries.

I urge your consideration and favorable action on this legislation. It is one more step toward a predictable and fair health care insurance program for our elderly citizens.

TRIBUTE TO INDIANA NATIVE LT KEN BOWERSOX

HON. FRANK McCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. McCLOSKEY. Mr. Speaker, yet another Lawrence County, IN, native is about to make space history. LT Ken Bowersox, of Bedford, IN, will follow in the footsteps of Virgil "Gus" Grissom and Charles Walker as he takes his place as one of the seven astronauts aboard the space shuttle *Columbia*.

The *Columbia,* which has just received a $120 million facelift, is now equipped to allow the crew to remain in flight for a historic 13 days. LT Bowersox and the six other astronauts on board will rotate 12-hour shifts conducting research on crystals, fluid drops, fires in sealed chambers, and the effect of weightlessness on humans. This research will be beneficial to scientists in understanding the mysteries of space exploration and mankind.

LT Bowersox, a 1974 graduate of Bedford High School, is not the first man from Lawrence County to venture into space, Virgil "Gus" Grissom was the second American to go up into space, and another Bedford resident, Charles Walker has also made the flight into space. He was the first civilian from a private industry to accompany astronauts on a space shuttle mission. These men have been excellent role models for the citizens of Lawrence County and will continue to provide inspiration to future space travelers.

INTRODUCTION LEGISLATION REGARDING INTERNATIONAL TRAVEL

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. SCHUMER. Mr. Speaker, the summer travel season is upon us. That should be good news for our international air carriers and airports, as more than 29 million international air passengers will travel to the United States this summer. Unfortunately, the airlines and airports are not the only ones involved. All arriving passengers are examined by the Immigration and Naturalization Service. I am very concerned that the wait for this processing may become intolerably long—several hours in our busiest airports.

Under an international agreement negotiated by the State Department, countries are supposed to complete examination of international passengers within 45 minutes after the passenger's arrival. I am informed by the managers of JFK Airport in New York—which is by far the largest gateway airport into the United States—that last summer, the INS exceeded the 45-minute standard for 1,700 flights at JFK alone. That is a terrible way to greet business travellers and foreign tourists, especially when you consider that international travel reduces our trade deficit by nearly $5 billion each year.

At the same time, American airports have become virtually open borders for illegal aliens. What happens is that an alien boards a plane destined for the United States, either without documents or with fraudulent documents. The INS's policy is to detain such individuals upon arrival in the United States, pending deportation. Because the INS lacks sufficient detention space, however, many such arrivals are paroled into the community with instructions to report several months in the future for a hearing before an INS officer. Most simply disappear.

Now that word has gotten out about this situation, the number of undocumented arrivals has mushroomed, from a few thousand 5 years ago to 37,500 last year. In addition to circumventing immigration laws, these individuals are also clogging airports still further.

Today I am introducing a bill that would deal with both of these problems. The bill would establish INS preinspection stations at overseas airports, so undocumented aliens are screened out before they get to the United States. That saves on detention costs, maintains the integrity of our immigration laws, and enables speedy processing of legitimate passengers here in the United States.

The bill would also make permanent the pilot Visa Waiver Program under which visitors from selected low-risk countries can travel to the United States without first having to obtain a Visa from a U.S. consular office overseas. This program has proven extremely successful in making it convenient for legitimate business-people and tourists to travel here, and it is time to make it permanent.

In addition, the bill would restore the citizen bypass procedure that INS suspended during the Persian Gulf war. The bill also contains a

number of provisions that would enable the INS to fully modernize its examinations process by taking full advantage of new technologies.

I urge my colleagues to join me in sponsoring this bill.

"RESULTS" EFFECTIVE IN EFFORTS TO END HUNGER

HON. TIMOTHY J. PENNY

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. PENNY. Mr. Speaker, I rise today to pay tribute to "RESULTS," an outstanding citizens' lobby committed to creating the political will to end hunger. Monday I spoke to over 250 members of RESULTS at their annual international conference here in Washington. Funding all their own travel expenses, volunteers came from across the globe to participate in the conference. RESULTS volunteers are personally motivated individuals who exhibit an exemplary drive to motivate and influence the political will of this country.

Since 1980, RESULTS has effectively lobbied for a number of significant social concerns. Its bipartisan effort includes the flight to end hunger, control rapid population growth and protect our environment. RESULTS spearheaded the Keeping the Promise campaign, designed to commemorate the 1-year anniversary of the World Summit for Children and redirect public attention toward the seven established goals for improving the lives of children. RESULTS was also involved with the Earth Summit in Rio this past month, conducting 30 national press conferences in which they evaluated the administration's role and performance at the summit. The RESULTS' efforts, as illustrated by their informative role for the media during the Rio Conference, focus not only on legislative lobbying, but also on informing the press and raising awareness of the issues.

I am proud of the RESULTS group in my own district in southeastern Minnesota. The local group works to inform and sensitize the media, conveying the belief that we need not accept hunger as a permanent reality. Local and global RESULTS groups encourage the public, the press and the policymakers to commit themselves to making a difference. The international effort of RESULTS belies the common belief that: "I can't make a difference." Instead it empowers individuals with the tools and the knowledge to fight world hunger and apathy. Mr. Speaker, I wish to commend RESULTS' achievements and encourage their continued efforts.

CONGRESSMAN KILDEE HONORS SISTER MARIA MAEZ

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. KILDEE. Mr. Speaker, I rise today to urge my colleagues in the U.S. House of Representatives to join me in paying tribute to an outstanding humanitarian from Ortonville, MI, Sister Maria Maez. Sister Maria Maez will be honored on August 8, 1992, at Our Lady of Mount Thabor Monastery in Ortonville, MI, to commemorate the 50th anniversary of her making her Perpetual Vows.

Sister Maria Maez was born in Colorado where she attended elementary and junior high school. After she finished junior high school, Sister Maria Maez's family moved to Grand Rapids, MI. During her high school years, she attended Marywood Academy in Grand Rapids. Following high school, she entered the Marywood Dominican Sisters Convent in Grand Rapids on August 4, 1942 and made her Perpetual Vows there. During this time, Sister Maria Maez also attended Aquinas College and received a degree in Elementary Education.

Throughout Sister Maria Maez's years of religious service she has been instrumental to the growth and development of education in Michigan, Peru, and New Mexico. Through 1962, she taught elementary school children in Michigan and New Mexico. In 1963, Sister Maria Maez was chosen as one of two to be sent to Chimbote, Peru to start a mission. She worked diligently to make the mission successful and educate the children of Chimbote. In 1970, Sister Maria Maez returned to Michigan where she taught and also did pastoral work in local parishes.

Because of her love for teaching, Sister Maria Maez taught children in Michigan until 1973 when she went to New Mexico and taught for 7 years. Sister Maria Maez received permission from her community in 1979 to enter a Dominican Contemplative Community, Our Lady of Mt. Thabor Monastery. Over the years, she has given outstanding service to the Dominican Contemplative Community and has devoted endless efforts into making it flourish.

In addition to her love of teaching, Sister Maria Maez has also been concerned about many national and international issues. Also with other sisters from Our Lady of Mt. Thabor Monastery, she was written me quite often expressing her concerns on many different pieces of legislation before the Congress. I have received letters from her on such diverse issues ranging from the Farm bill to the African Recovery Act. Her concern for the well being of others exemplifies her compassion as an admirable human being.

Wherever she has taught, Sister Maria Maez has committed herself to serving God and the people of her community. She has been a very positive influence on children and important part of their personal growth and formation. The children whom she has taught are better people for having known her and the places where she has taught are certainly better communities for having had her presence.

JIM THORPE, PART I

HON. ENI F.H. FALEOMAVAEGA

OF AMERICAN SAMOA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. FALEOMAVAEGA. Mr. Speaker, through Public Law 102–188 (S.J. Res. 217, H.J. Res. 342), Congress and the President designated 1992 as the Year of the American Indian. This law pays tribute to the people who first inhabited the land now known as the continental United States. Although only symbolic, this gesture is important because it shows there is sympathy in the eyes of a majority of both Houses of the Congress for those Indian issues which we as a Congress have been struggling with for over 200 years. In support of the Year of the American Indian, and as part of my on-going series this year, I am providing for the consideration of my colleagues the first part of two parts of an article on Jim Thorpe, an American Indian who had a successful Olympic and professional career in athletics, and who has been called the greatest athlete in the world. The article was published in the July/August 1992 edition of American Heritage magazine.

[From American Heritage, July-August, 1992]

THE GREATEST ATHLETE IN THE WORLD

(By Joseph D'O'Brian)

Americans have always demanded that their heroes be more than human. George Washington had to have thrown the dollar across the Potomac. Davy Crockett had to have wrestled a grizzly, Babe Ruth had to have come through for a dying boy with a promised home run. We all know that these stories are Sunday truths, but somehow the men wouldn't be the same without them.

Likewise many of the stories about America's greatest Olympic hero. Damon Runyon once remarked, "More lies have been told about Jim Thorpe than about any other athlete." That may be true. Here are a few:

In the 1912 Olympics he won a gold medal in each event in which he competed—five, or eight, or ten events. He set records in each of those events, most of which stood for many years. He did this without having trained at all. In his twenty years of college and pro football, he never missed a tackle. He could run the length of a football field in ten seconds flat—in full pads. His average punting distance was eighty yards, and he could occasionally boot a hundred. On one long touchdown run he tucked a would-be tackler under his free arm and carried him the last twenty yards.

What actually is true is that without much question Thorpe was the best all-around athlete in modern history. He is best known for winning the pentathlon and the decathlon at the 1912 Olympics and for his exploits on the football field. He was one of only a half dozen men who ever played both major-league baseball and NFL football; indeed, he was the first president of the National Football League. He also excelled at billiards, bowling, golf, swimming, gymnastics, rowing, hockey, figure skating, hunting, fishing, horseback riding, and dancing.

And he is the man whose Olympic medals were revoked on dubious grounds—possibly as a result of class prejudice. Because of that, his story became irresistible: that of the honest man struggling all his life for vindication, and finding it only posthumously. Today, eighty years after his triumph at Stockholm, the legend is complete. Jim Thorpe's Olympic medals and records have been restored; Jim Thorpe's name adorns the trophy that goes annually to the National Football League's most valuable player; and Jim Thorpe is buried in a town named Jim Thorpe, Pennsylvania.

Thorpe was born—with a twin brother, Charlie—on May 28, 1888, near Prague, Oklahoma Territory (formerly Indian Territory),

of an Indian and Irish father and an Indian and French mother. He was five-eighths Indian, descended from the Sac and Fox, Kickapoo, and Pottawatomi tribes, and was given the Indian name Wa-Tho-Huck, meaning Bright Path. His father, Hiram Thorpe—a large, strong athlete who excelled at running, swimming, and wrestling—married several times and sometimes lived with two wives at once.

Thorpe's parents were subsistence farmers who led a life that one biographer described as "English-speaking, but Indian-toned." They and their neighbors farmed in Indian style and observed many traditional Indian customs, but they wore whites' clothes and hunted with guns. Hiram Thorpe was an expert hunter. He also supplemented the family income by selling bootleg whiskey.

Jim Thorpe was close to both parents and inseparable from his twin brother. Charlie died of a fever at the age of eight, and after that Jim began to go through periods of craving solitude. Hiram had taught him to hunt, and Jim often went off alone with his gun and didn't return home for days.

However, for the most part his boyhood seems to have been one long effort to stay in the race. Hiram was his frequent hunting partner, and the older man set a breakneck pace, sometimes covering thirty miles in a day. Jim's favorite game with other Indian boys was follow-the-leader. He later wrote: "Our sports were not ordered or directed. They were just the spontaneous expressions of boys. They lay the physical foundation for future big performances."

Thorpe got his first schooling at the Sac and Fox Agency School near home. He was a good student when he chose to be, but that was seldom. He gained a reputation as a class clown—which he lived up to the rest of his school days—and often ran away for short periods, mainly to go hunting.

He was attending Garden Grove, another Indian school that was near Prague, when he began to attract notice as a track and field standout. Glenn Scobey ("Pop") Warner, who would become one of the greatest coaches in football history, was visiting Indian schools around the country to recruit athletes for the Carlisle Indian School, in Carlisle, Pennsylvania, where he was athletic director. He was eager to sign up Jim Thorpe.

Carlisle was the best known of the many Indian schools set up around the country in the last part of the nineteenth century to teach reservation children how to live like whites. Though only a high school, it admitted students as old as twenty-three, and its teams competed against the country's top colleges. When Jim Thorpe set off for Carlisle, his father reportedly told him, "Son, I want you to show other races what an Indian can do." Thorpe, like most Carlisle students, studied there briefly and then left to live with and work for a local white family for two years. When he had completed that stint of learning white ways in 1907, he was readmitted.

Some historians have portrayed Pop Warner as Thorpe's mentor during his time at Carlisle, but that's an exaggeration. If Jim Thrope had a guiding light at all, it was his father. Hiram Thorpe died shortly after Jim left for Carlisle, and from then on Jim seemed to provide his own inspiration.

Warner later recalled, "I never had to do much coaching with Jim. Like all Indians, his powers of observation were remarkably keen. I guess Carlisle * * * provided me with the easiest coaching job I every had." If Warner had had his way, Thorpe would never have played football. Warner wanted him to devote his energies to track and field and feared he might injure himself on the gridiron. But Thorpe insisted.

He was not modest about his abilities. On his return to Carlisle, when he was nineteen, he made the track team by high-jumping 5'9" in his street clothes. Warner informed him he had just broken the school record; Thorpe was unimpressed: "That's not very high. I could do a lot better in a track suit." And he did.

In 1908 Thorpe won the high jump at the prestigious Penn Relays. That fall he was named a third-team All-American running back. Then he took two years off from Carlisle. He had the chance to earn a little pocket money playing minor-league baseball in North Carolina, and he wanted to spend some time in Oklahoma hunting and fishing. Although he had no way of knowing it at the time, this innocent sojourn would be the biggest mistake of his life.

Pop Warner persuaded Thorpe to return to Carlisle for the 1911 football season with a promise to get him on the 1912 Olympic track team. Carlisle went 11–1 that year, routing such powerhouses as Penn, Brown, Pittsburgh, and Lafayette. Against Harvard, Thorpe gained 173 yards, more than half of Carlisle's total offense, and scored all of Carlisle's eighteen points—a touchdown and four field goals.

By now Thorpe had started to gain a national reputation. He was named a first-team All-American, and some experts started calling him one of the greatest halfbacks ever. The Pittsburgh Dispatch reported after one game: "This person Thorpe was a host in himself. Tall and sinewy, as quick as a flash and as powerful as a turbine engine, He appeared to be impervious to injury."

In track the next spring he competed in five to seven events at every meet. In one he won the high jump, the shotput, and 220-yard low hurdles, took second in the high hurdles and the long jump, and third in the 100-yard dash. He was a hands-down qualifier at the Olympic trials for the decathlon, pentathlon, high jump, and long jump.

The American Olympic team trained as it sailed for Stockholm on the Red Star liner SS Finland. The swimmers worked out in a huge canvas tank, and the runners practiced on a deck covered with cork to muffle the sound of their footsteps. The great sportswriter Grantland Rice, among others, promoted the story that Thorpe didn't train on board the Finland. And Johnny Hayes, who had won the gold medal for the United States in the marathon at the 1908 Olympics, claimed that Thorpe practiced for the long jump merely by drawing a chalk mark on the deck and staring at it from his hammock, before drifting off to sleep. But Thorpe's teammates, including his future nemesis Avery Brundage, unanimously asserted that he trained as hard on the journey as any of them.

The 1912 Olympics represented a major step into modern times for organized sports. Electric timing equipment was used for the first time; so was a public-address system. The first of the four events Thorpe competed in, the pentathlon, took place on the second day, Sunday, July 7, 1912. He was expected to do well and finish perhaps as high as third. The smart money for the gold medal was on Ferdinand Bie of Norway, followed by Hugo Wieslander of Sweden.

Thorpe immediately upset the conventional wisdom by winning the pentathlon's long jump, with a jump of 23'2.7". In the next event he was at a disadvantage: It was the javelin, and he only recently had thrown one for the first time in his life. Still, his throw of 153'2.95" was good enough to take third place. In the 200-meter dash Thorpe took another first, running the race in 22.9 seconds; the favorite, Bie, finished a poor sixth. Then he hurled the discus 116'8.4"; Brundage took second, with throw that landed more than two feet behind Thorpe's.

The final event, the 1,500-meter run, was expected by many to be Thorpe's downfall. He was well in the lead for the gold medal, but if he faltered and Bie won, the Norwegian would still have a chance. Bie started fast, and he and Thorpe were neck and neck at the three-quarter pole. But Bie finally faded and staggered in sixth; Thorpe kicked and won in a time of 4:44.8.

The scoring system for the pentathlon gave one point for first place in each event, two for second, and so on, with the lowest score winning; Thorpe finished with seven points: four firsts and a third. The silver medalist, Bie, was miles behind with twenty-four. The next day Thorpe competed in the high jump and the long jump (as separate events) and came in fifth and seventh respectively.

The decathlon, a ten-part event that incorporates every aspect of track and field, has always been considered the ultimate test of endurance and all-around ability; here the versatile Hugo Wieslander was Thorpe's main competition. A heavy downpour greeted the athletes on the first day of the decathlon, July 13—a blow to Thorpe's chances since he was known to be at his worst in foul weather. Sure enough, his American teammate E.L.R. Mercer nosed him out of first place in the 100-meter dash. Thorpe footfaulted twice in the long jump because the jumping board was slippery, and his final jump of 22' 2.35" fell several inches short of first place. In the shot put, however, his throw of 42' 5.45" beat Wieslander by just over two inches. In decathlon scoring, times and distances, rather than the order of finish, are what count. Mercer, Wieslander, and the others couldn't amass consistently high scores, and Thorpe ended the day well ahead in total points.

On the following day Thorpe came in first in the high jump, leaping 6'6". He finished second in the 400-meter, but in the 110-meter hurdles he was first again—this time with a recordsetting 15.6 seconds. By day's end his lead in total points appeared to be insurmountable.

The third day was a walkover. Thorpe came in second in the discus, third in the pole vault, and third in the javelin. In the final event, the 1,500-meter run, he finished first in a amazing 4:40.1—nearly five seconds better than his pentathlon time. His final point total was 8,412.955, a record that stood for twenty years.

Thorpe's prize for each event was a gold medal and a laurel wreath, supplemented by a life-size bust of Sweden's King Gustav V, presented by the king, and a silver chalice lined with gold and stones in the shape of a Viking ship, donated by Czar Nicholas II of Russia. Several pretty good stories came out of the presentation ceremonies. The most famous—and the only one generally accepted as true—is that when King Gustav presented Thorpe with his medals, he exclaimed, "Sir, you are the greatest athlete in the world!" and Thorpe, grinning shyly, replied, "Thanks, King."

Other reports—gleefully malicious—had it that Thorpe snubbed the king, through sheer arrogance. Thorpe wrote in his private memoirs: "Someone started a story that when King Gustav sent for me, I replied that I

couldn't be bothered to meet a mere King. That story grew until it was related that the real reason I would not meet him was that I was too busy doing weight lifting stunts with steins of Swedish beer. The story was not true. I have pictures showing King Gustav crowning me with the laurel wreath and presenting me with the trophies and it is no fabrication that he said to me: 'Sir, you are the greatest athlete in the world.' That was the proudest moment of my life."

No athlete had ever captured the public imagination so quickly or so completely. On his return home Thorpe received a ticker-tape parade in New York, a banquet in Philadelphia, a personal letter of praise from President Taft, and a triumphal procession back to Carlisle. That Thorpe was an Indian didn't diminish his stature in the eyes of white fans, as being black certainly would have. In fact, his race was part of his appeal. The last Indian war was more than twenty years past, it was common knowledge that most Indians were having a miserable time on reservations, and there was some feeling of national guilt, Along with that guilt came a tendency to romanticize, to portray Indians as uniformly strong, brave, pure of heart, and indomitable of spirit. It was at about that time that sports teams began taking on nicknames like the Boston Braves and the Cleveland Indians. Thorpe would have been baffled by the notion that such names could seem demeaning.

That fall Thorpe was practically the whole Carlisle football team. The Indians tied one game and won the rest. In Carlisle's climactic 27-6 walloping of Army, Thorpe averaged more than ten yards per carry. In the last game of the season, against Brown, Thorpe scored three touchdowns and kicked two field goals. Once again—as if there had been any doubt—he was named a first-team All-American.

Then, on January 23, 1913, came the blow that was to cripple his career and, finally, break his spirit. As often happens, an insignificant incident ended up rocking the world. A reporter for the Worcester, Massachusetts, Telegram, interviewing a minor-league baseball manager named Charley Clancy, happened to notice a photograph in Clancy's office of a few of the payers he had managed in the Carolina League in 1909. The next day the story broke that Jim Thorpe had been a professional athlete.

The rule that only amateurs could compete in the Olympics dated back to antiquity. In ancient Greece Olympians never competed for money until the Romans conquered Greece and introduced cash prizes. The games then turned into brutal, corrupt circuses and were finally banned in the fourth century.

When the modern Olympics began in 1896, strict rules about amateurism were imposed. "In Thorpe's day the British aristocracy wrote the rules," says Pete Cava, press information director for the Athletics Congress, which governs track and field nationwide. "The main theory is that their attitude was intended to prevent the working classes from competing, to keep the aristocracy from competing against undesirables."

THOMAS P. McCOY STADIUM CELEBRATES 50TH ANNIVERSARY

HON. JACK REED

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. REED. Mr. Speaker, I rise today to join fellow Rhode Islanders in celebrating the 50th anniversary the Thomas P. McCoy Stadium, home of the AAA International League Pawtucket Red Sox. Over the years, McCoy Stadium has served the athletic programs not only of the Red Sox, but also the Pawtucket schools and various organizations throughout the State of Rhode Island. Indeed, I fondly recall playing high school football at McCoy.

On a Sunday afternoon, November 3, 1940, then Mayor Thomas McCoy of the city of Pawtucket, laid the cornerstone foundation on what was once Hammond's Pond. Five decades ago this swampy land began its transition to one of the finest recreational facilities in southern New England. In 1942, construction was completed and Mayor McCoy brought the Pawtucket Slaters to the stadium for McCoy's first taste of baseball action.

The stadium was officially dedicated and named in honor of Mayor McCoy in 1946, and the Boston Braves became the first organized baseball team to arrive at McCoy Stadium in the spring of 1948. Through the years, McCoy Stadium could easily be considered Pawtucket's biggest tourist attraction and has brought countless hours of thrills and sporting enjoyment to generations of Rhode Islanders.

Ben Mondor and his team have established a solid organization at McCoy Stadium with the Pawtucket Red Sox. They develop talent for the Boston Red Sox while at the same time providing thrills and baseball memories for young and old alike.

Mr. Speaker, I ask you and my colleagues to join me in saluting the half-century of enjoyment that McCoy Stadium has brought to so many Rhode Islanders. I am indeed proud to join in celebrating this milestone in the proud history of one of the finest minor league ball parks.

Fifty years ago McCoy Stadium was dedicated "to the health, happiness and enjoyment for the people for all eternity," and it is indeed fitting that we rededicate the stadium this weekend with the same hopes, sentiments and aspirations for continued success.

INTRODUCTION OF THE INTEGRITY IN PRESCRIPTION DRUG ADVERTISING ACT OF 1992

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 2, 1992

Mr. STARK. Mr. Speaker, I recently introduced legislation, H.R. 5485, the Integrity in Prescription Drug Advertising Act of 1992, to deny all tax deductions for pharmaceutical drug company advertisements that are misleading or inaccurate.

The legislation follows a June 1992, HHS inspector general study, authored by Michael S. Wilkes, M.D. and Martin Shapiro, M.D., reporting that 92 percent of medical journal advertisements lacked compliance with FDA regulations. According to an FDA analysis of the HHS IG study, 44 percent of the medical journal ads "would lead to improper prescribing if the physician used only the information in the ad."

The HHS inspector general study of 109 medical journal advertisements appearing in early 1990 editions of 10 leading peer-reviewed medical journals such as the New England Journal of Medicine, the Annals of Surgery and the Journal of Family Practice and Pediatrics found that: 53 percent of the medical journal ads lacked information on efficacy; 50 percent lacked needed references; 38 percent lacked information on safety; 28 percent lacked information on side effects and contraindications; and on average, the reviewers cited 4.3 examples of inadequate, misleading, or inappropriate information per advertisement.

In addition, the reviewers rated 60 percent of the advertisements poor or unacceptable in terms of scientific references. The reviewers were asked to evaluate whether he or she would have accepted the advertisement for publication, accepted it contingent upon minor revisions, accepted it contingent upon major revisions, or rejected it. The reviewers were asked to use criteria consistent with those they would use for a scientific article. The reviewers agreed that 17 percent of the 109 advertisements would have been rejected, 24 percent would have required major revision, 26 percent would have required minor revision, and only 3 percent would have been accepted without change.

The Integrity in Prescription Drug Advertising Act, referred to the House Ways and Means Committee, establishes a new qualified nongovernmental review board of medical organizations, pharmacists, peer-reviewed medical journals, consumer groups, and the pharmaceutical industry to review all prescription-related advertisements and other written material mailed or otherwise distributed for purposes of encouraging the use of drugs or medical devices. The board is modeled after Canada's system for peer-reviewing all medical-related advertisements.

Drug company ads are the 1990's version of snake oil salesmen. In jeopardy from clearly inaccurate and misleading drug advertising are doctors and millions of patients. This legislation hits the drug companies where it really hurts—their pocketbooks. This bill guarantees truth in advertising, and puts real teeth in the FDA's ability to ensure accuracy in medical advertising.

Reacting to the bill, Sidney Wolfe, M.D., of the Public Health Citizen Group stated:

"I strongly support the Integrity in Prescription Drug Advertising Act of 1992, introduced by Representative Stark.

The need for review of prescription drug advertising has been unequivocally documented by a recent Government-funded study in which an alarming proportion of ads in leading American medical journals were found to have false or misleading information. When doctors are misinformed by misleading advertisements, patients may be injured or even killed.

A nongovernmental but accountable review board, which the legislation would help

establish, builds on the highly successful Canadian model which has made drug advertising to Canadian physicians much more accurate and less potentially harmful than United States advertising. Passage of this legislation will offer an important protection to American patients whose physicians will no longer be subject to the distortions of unreviewed drug advertising."

In December 1990, Pharmaceutical Manufacturers Association president Gerald Mossinghoff, testifying before the Senate Labor and Human Resources Committee, stated:

"The best marketing that the detail—sales representatives—have is to provide the learned papers, the peer-reviewed papers that say that their drugs and their products are effective."

But a 1982 study in the American Journal of Medicine found that doctors who said they received information mostly or exclusively from scholarly journals—that is learned papers, peer-reviewed papers—which also contained printed advertisements often held views of specific drugs that were what the advertisements had actually claimed—not what the peer-reviewed articles had claimed.

Thus, if the PMA's Mossinghoff is right, we're in really big trouble now.

According to the Food and Drug Administration, this UCLA/HHS IG study showed "that 40 percent of these ads did not contain balanced risk/benefit information as required and that 44 percent of them would lead to improper prescribing if the physician used only the information in the ad. Moreover, the research concluded that many ads are deficient in areas for which FDA has explicit standards and that new strategies are needed to assure compliance with existing rules and to protect consumers."

Furthermore, "Dr. Kessler said that the studies' publication is important because it will serve to heighten awareness of the degree to which misleading information may pervade the 'informational marketplace' underlying physicians' prescribing decisions."

The FDA found that physicians' training is often insufficient to enable them to evaluate misleading advertisements because ads can be misleading in ways that even trained observers may not be able to recognize.

In conclusion, the FDA will continue to scrutinize such ads and is calling on the medical community and the industry to continue to cooperate in helping to resolve the problems as they arise.

If Mr. Mossinghoff is correct that the primary marketing device influencing doctors' prescribing practices is from the peer-reviewed papers, and Dr. Kessler is right that the advertisements included in the peer-reviewed medical journals are misleading and will lead to misprescribing and thus, likely patient harm, then the only reasonable policy answer is to create a nongovernmental, authoritative body to guarantee that medical advertising will be factual, sound, and credible.

The Integrity in Prescription Drug Advertising Act of 1992 meets this objective. I look forward to working with the medical membership organizations, the medical journal community, consumer groups, the advertising community, and the pharmaceutical manufacturers to correct this problem and restore the integrity of this industry.

The following is a Washington Post editorial of June 13, 1992, and a letter from the authors of the HHS IG study:

[From the Washington Post, June 13, 1992]

SELLING MEDICINE TO DOCTORS

How do doctors keep up to date on new drugs—and how much do they really know about the drugs they prescribe to patients? Such questions are being taken more seriously in the wake of recent medical scares and scandals about inadequately understood prescription drugs. Now a troubling new study has raised concerns about the reliability of one major source of doctors' information on drugs: ads placed in the medical journals that physicians rely on for research information. Researchers writing in the Annals of Internal Medicine—a journal that itself runs such ads—found that as many as 92 percent of 109 ads surveyed might fail to meet existing criteria of the Food and Drug Administration and that only 44 percent gave information that, taken by itself, would lead to the drugs' being prescribed accurately. The Department of Health and Human Services has issued its version of the same study.

If the ads constitute a major source of information for doctors, these numbers spell real trouble. How well do the readers of these journals make the distinction "between promotional and technical formats for information," as FDA head David Kessler puts it? Most doctors, when asked this, say they get information mostly or entirely from scholarly articles, not ads. But a 1982 study of just that phenomenon—in the American Journal of Medicine—found that doctors who said this often held views of specific drugs that accorded with what advertisers had claimed—not with what articles said.

If that's the case, then the content of ads becomes relevant to patients' well-being—but no review system exists to vet them, as it does for journal articles. The FDA's existing regulations on medical advertising basically require the information in ads to reflect the information in package inserts, which are closely vetted for completeness and scientific rigor. The nature of advertising, though, makes the match a difficult one to achieve. The present study found high proportions of ads that played down a drug's possible side effects, implied a new drug was "statistically" identical in function to a better-known one when the relevant studies didn't support the claim, or furnished references that proved misleading or impossible to locate. All these are violations of existing law; few, the study concludes, could have been reliably detected by a non-specialist reader.

The FDA has been renewing its attention to this neglected area, and the regulations give it the tools, at least theoretically, to control ad quality. But the landscape of interlocking interests among doctors, medical journals and pharmaceutical companies is too large to be policed effectively from any one office. If the journals can't police the ads directly either, then the proposal to set up a Canada-style industry panel to review all ads might be a good starting point. The stakes are sufficiently high for these drugs to require a bit more in the way of safeguards than reliance on doctors' native skepticism.

UNIVERSITY OF CALIFORNIA,
Los Angeles, June 25, 1992.

Congressman PETE STARK,
House of Representatives, Cannon House Office Building, Washington, DC.

DEAR CONGRESSMAN STARK: As authors of the recent study of the quality of pharmaceutical advertising published in the *Annals of Internal Medicine*, we wish to express our strong support for the Integrity in Prescription Drug Advertising Act of 1992. Our study found that a large proportion of advertisements in leading medical journals were judged by expert reviewers to have substantial deficiencies in areas in which the FDA has established explicit standards. Problems that were identified include misleading the reader about side effects and contraindications and claims about the medication that were not justified.

By amending the Internal Revenue Service code and requiring prior approval of advertisements by the FDA or by a qualified nongovernmental review board in order to be able to treat the advertisement as a deductible expense, your bill will provide powerful impetus to the industry to seek prior review for and approval of their advertisements. We are hopeful that this will go a long way toward rectifying the problem that we have identified.

MARTIN F. SHAPIRO, MD,
Associate Professor.
MICHAEL S. WILKES, MD,
Assistant Professor.