

## HOUSE OF REPRESENTATIVES—Monday, March 16, 1992

The House met at 12 noon and was called to order by the Speaker pro tempore [Mr. MONTGOMERY].

### DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,  
March 13, 1992.

I hereby designate the Honorable G.V. (SONNY) MONTGOMERY to act as Speaker pro tempore on Monday, March 16, 1992.

THOMAS S. FOLEY,  
Speaker of the House of Representatives.

### PRAYER

The Chaplain, Rev. James David Ford, D.D. offered the following prayer:

With earnestness of heart, O gracious God, and with a diligence of our will, we pray that we will see more clearly the requirements of those who have great need. May our focus be on serving those who live in poverty or distress, on those who cannot support themselves and their families, on those who are ill and need care. Encourage us, O God, to hear Your strong word to us so we will do those things that bind us together as one people and bring us into a unity of purpose and strength. Bless us this day and every day, we pray. Amen.

### THE JOURNAL

The SPEAKER pro tempore. 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 pro tempore. The Chair will ask the gentleman from California [Mr. EDWARDS] if he would kindly come forward and lead the membership in the Pledge of Allegiance.

Mr. EDWARDS of California 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.

### ACTION TO REFORM HOUSE PROCEDURES NEEDED IN WAKE OF THE HOUSE BANK DEBACLE

(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, I had probably one of the most dismaying and depressing weekends of my life, certainly of my professional life as a Member of Congress, this past weekend when I went home and talked with my constituents about the House bank debacle.

Certainly the people have a feeling of betrayal, and they have a feeling of lack of respect for this Congress and this body.

A step forward to regaining their respect and to reviving the feeling that this service in Congress is a truly honorable pursuit in behalf of the public good is to have done what we did the other night, and that is to demand a full disclosure of all the people who have misused the bank.

Mr. Speaker, we need to go further, we need to reorganize the House, and the way it does business. We have to try to get rid of all the patronage and perks and the other things which cause people to feel we are a privileged class. We must make sure that the drug episode in the post office is fully and vigorously prosecuted by outside forces if necessary, but more than that, Mr. Speaker, you must demand that the conference begin to meet on campaign reform. Until we eliminate political action committee funds or the influence they bring to bear in the political system, until we limit the amount of spending that can be done in Federal campaigns, we will always have the politics of this Nation run by money, not by people.

We want the people back in the system, Mr. Speaker. You have the opportunity to cause it by demanding a conference on campaign reform. The sooner the better.

### TRIBUTE TO SLAIN FBI AGENT

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

Mr. EDWARDS of California. Mr. Speaker, I rise to pay tribute today to FBI agent Stanley Ronquest, killed last week in Kansas City in a holdup attempt.

The work of FBI agents ranges from the tedious to the dangerous. It involves many sacrifices and places hardships on agents' families. Special Agent Ronquest was away from home when he was killed. He was assigned to FBI headquarters.

The Nation depends on the men and women of the FBI, and of all law enforcement agencies. The killing of Agent Ronquest reminds us of the gratitude we owe all law enforcement officers.

Public service is a noble calling, and law enforcement is one of the noblest forms of public service.

Mr. Speaker, I am sure you and all the Members join me in sending our condolences to the family of Stanley Ronquest. He died working to make this a better, safer Nation. We can all find inspiration in his commitment.

### COMPLIMENTING THE SPEAKER ON SELECTION OF ACTING SERGEANT AT ARMS

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

Mr. LEACH. Mr. Speaker, as the House knows from all the discussion last week, we live in a fishbowl; but it is very important that we not act like piranhas.

In this regard, I simply rise today to compliment the Speaker of the House for the selection of Werner Brandt as our acting Sergeant at Arms.

I worked in the same office with Werner for almost 2 years in the Department of State, where we shared similar assignments as fellow Foreign Service officers.

I consider Mr. Brandt to be a man of extraordinary ability, extraordinary competence, as well as very high values. The House is and has been fortunate to be so well served.

Whether or not the minority was consulted in the choice of Mr. Brandt, I would say without equivocation that if this Member of the minority had been asked, I would have noted that a better selection by the Speaker could not have been made.

By background, Brandt was one of the State Department's leading political/military affairs specialists. He was on a star track in the Foreign Service before coming to Capitol Hill in the early 1970's as a congressional fellow.

Today, he is a true legislative professional. I am confident he will be fair to the minority, and more importantly, serve the public honorably in his new position.

The choice by the Speaker of Werner Brandt to serve as Sergeant at Arms is a good first step in establishing credibility in the administration of the House.

□ 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.

### HOUSE BANKING SCANDAL A BIPARTISAN MESS

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

Mr. RICHARDSON. Mr. Speaker, the House banking scandal is a bipartisan mess. Yet, there are some that may be trying to make some political hay out of a tragedy for this institution.

Some very interesting things have happened in the past few days, first, an unconscionable leak to the Washington Times detailing the code numbers of 66 House Members. I do not know of any Democrat that reads the Washington Times.

Second, this weekend there was another unconscionable leak naming the worst offenders. Interestingly, only the Democrats were in that leak.

Third, and perhaps the most regrettable, was a personal attack by the minority whip on the Speaker of the House, a man whose integrity and reputation is beyond reproach.

Mr. Speaker, this is a time for us not to tear each other apart but to come together. This institution needs rebuilding, not more recriminations.

□ 1210

### FUNDAMENTAL ECONOMIC CHANGE NEEDED

The SPEAKER pro tempore (Mr. SKAGGS). Under a previous order of the House, the gentleman from Wyoming [Mr. THOMAS] is recognized for 5 minutes.

Mr. THOMAS of Wyoming. Mr. Speaker, I appreciate the opportunity to take a few minutes. I have been talking in this House for some time about change. It seems to me that fundamental change is something that we need to undertake.

We cannot continue to do things as we have been doing them, do more of what we have been doing and expect things to change. There are a number of things that the President can do if he is unable to get the cooperation of Congress. We will find out on the 20th of March whether or not this Congress has responded to the President's request for seven times to increase the economic activity in this country.

The Washington Times, and some of us do read the Washington Times, had an editorial yesterday and several of the items seem to me to be important with regard to change, and I would like to talk about them for just a minute.

One has to do with regulation and regulatory burdens.

The second has to do with control on the size and growth of Government.

The third is indexing gains for inflation.

And the fourth is the line-item veto.

The President has put into place a 90-day moratorium on regulations. I have

to tell you that each time I go to Wyoming, and I just returned yesterday, I met on Friday afternoon, as I do with a number of people, in this case from Rock Springs, WY. The thing that is mentioned most often is the overburden of regulation. We are concerned, and properly, about the economy. We are concerned about providing jobs. Jobs come in the private sector. Jobs are created in the private sector, and yet I think it is certain that we have overburdened the private sector with regulatory problems. Some of them are in the banking area. Some of them have caused or continue to cause a shortage of credit and the credit crunch. Others in my part of the country have to do with the oil industry. We have almost lost domestic exploration in Wyoming, mostly because of regulatory burdens and costs. We have driven major companies to go into the foreign markets.

Agriculture—I could go on and on.

It seems to me that clearly we have to have regulations, but we need a balance. We need a balance between the regulatory protection that is required and what we can do in the economic field.

I think when regulations are put into place, we have an environmental impact statement. We ought to have in this case an economic impact statement as to what will be the cause and result of the regulations that we have put on.

Second, the President has asked for a ceiling on Federal employees. I have a bill that I introduced last year that would put a ceiling on. It would allow flexibility. It would allow people to be changed from one priority to another. It would not call for any reduction in current employees. It would simply have a reduction by attrition, and it would put a limit on the growth of the size of government.

Indexing capital gains for inflation. There is very little reason why an investor, someone who puts his money into something that creates a job and at the end of the time has a profit and has to pay taxes on that portion of it that is simply inflation. Surely we ought to be able to index inflation to encourage investment. We are the only industrialized country in the world that has an ordinary capital gains tax on profits made through investment.

Finally, a line item veto. I am persuaded there is no way in the world that we will ever control spending in this Congress unless we have a line-item veto. We had it in my State when I was in the legislature. Forty-three States I believe have it.

It simply politically is not possible for a Member from a district to vote against those kinds of things that go to their districts. The President is the only person in the country who has a broad enough political base to take pork barrel stuff out of a bill. This

Congress bundles together all kinds of things that you have real reluctance or it is impossible to vote against the total bill because there are good things there, things everyone wants, but tucked in it, of course, are these kinds of pork barrel items.

The only person who can do anything about it is the President with a line item veto. We cannot seem to get a constitutional line item veto, which is my preference and is what we really ought to do. There are some other ways that we can do it in terms of rescissions and bring those rescissions right up on the floor and vote on those issues. Lots of those issues that are pork barrel hidden in these bills would not stand on their own if we provided a vote for them on this floor, and I am for that.

Mr. Speaker, we need some fundamental change. We are not happy with the economy. We are often not happy with education. We are not happy with crime, and yet we continue to do more of the same thing we have been doing and expect things to change.

Mr. Speaker, it is time we made some fundamental changes in this House.

### AN ENVIRONMENTAL CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. EDWARDS] is recognized for 5 minutes.

Mr. EDWARDS of California. Mr. Speaker, I am speaking to my colleagues today because we are currently in the midst of an environmental crisis.

This crisis is the result of a steady decline in the Nation's wetlands habitat that has been quietly taking place over the years.

Two hundred years ago, this Nation had 221 million acres of wetlands. Today, that figure has been cut in half. This translates into losses of nearly 300,000 acres each year, 60 acres every hour or 1 acre every minute.

For some, these losses are not fast enough. A well-organized movement has developed over the last year, consisting of oil and gas companies, mining companies, and developers, that is seeking to roll back existing protections so that wetlands can be destroyed and developed more quickly. In the past year, several pieces of legislation have been introduced which would have a devastating impact on wetlands if enacted. Proponents of these bills claim they are looking for balance in the regulatory process. However, they define balance as relaxing regulations in favor of big business to the extent that only the wettest and most widely recognized wetlands shall be allowed to remain protected.

In addition to legislation, President Bush has abandoned his "no net loss of wetlands" pledge in favor of a policy

that would accelerate wetlands losses. The Bush administration proposed revisions to the Federal Wetlands Delineations Manual that would drastically change the definition of wetlands, causing many wetlands to be dropped from Federal protection. Field testing by Federal agencies are showing these revisions could cause 50 to 70 percent of highly valuable wetlands to become unprotected.

In response to this environmental crisis, I have introduced H.R. 4255, the Wetlands Reform Act of 1992. This bill will offer relief to the small private landowner by reforming the regulatory process, but not sacrifice wetlands in the process.

Why is it so important to save our wetlands? Because we have come to realize that wetlands provide many important functions. They act as excellent flood control buffers, recharge ground water supplies, provide desperately needed habitat for fish and wildlife, including one-third of the world's threatened and endangered species. In addition, wetlands boost the quality of life of a region and create a more favorable business climate.

Ironically, some of the qualities which make wetlands so attractive have also contributed to their demise. Wetlands tend to be prime real estate locations, and for developers they represent opportunities for short-term profit. Wetlands also sustain many exploitable resources, such as oil and gas reserves.

But the filling and draining of wetlands is having a devastating impact on the environment and our lives. There are too many examples around the country of residential homes suffering severe flooding as a result of nearby wetlands being filled. In my home State of California, heavy rains have caused millions of dollars in flood damage and even some deaths—all of which could have been avoided through better land use practices which utilized wetlands instead of destroying them.

Wetlands-dependent wildlife have also suffered enormously from the destruction of their habitat. Waterfowl and fish populations have plummeted, with further declines anticipated.

H.R. 4255 responds to a need for a strong wetlands protection bill.

It keeps the authority to issue permits in the Army Corps of Engineers, and except in extraordinary circumstances the decision on the permit must be rendered in 90 days.

The Environmental Protection Agency, EPA, retains its veto power.

It gives the Fish and Wildlife Service and the National Marine Fisheries Service a stronger role in the permit process.

It tightens up the entire nationwide permit process so that loopholes are eliminated.

It requires a report to Congress each 2 years by the Corps of Engineers out-

lining the effects on wetlands of the permit activity.

It asks for an independent study within 1 year by the National Academy of Science on the proper methodology for identifying and delineating wetlands.

For small parcels of 1 acre or less it provides a fast-track Team, whose job it is to give 60-day service.

It protects farmers by maintaining present law. We don't interfere with normal farming practices.

□ 1220

This bill has the support of all the key environmental organizations. The National Wildlife Federation, the Audubon Society, the Sierra Club, the National Resources Defence Council, Friends of the Earth, Clean Water Action, the Izaak Walton League of America, Trout Unlimited, the American Oceans Campaign and the Campaign to save California Wetlands are all committed to fully supporting this bill.

It is vitally important that Congress demonstrate its deep concern over wetlands. I urge you to cosponsor the Wetlands Reform Act and signal your commitment to insuring that future generations will be able to enjoy the benefits of wetlands we take for granted today.

THE NATIONAL COUNCIL OF  
NEGRO WOMEN HONORS FOUR  
SPECIAL WOMEN OF WEST-  
CHESTER

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York [Mrs. LOWEY] is recognized for 5 minutes.

Mrs. LOWEY of New York. Mr. Speaker, it is an honor to join with the National Council of Negro Women in honoring four very special women of Westchester. These women exemplify the National Council of Negro Women's devotion to Mary McLeod Bethune's commitment to "leaving no one behind." The International Division is committed to enhancing women's economic and social well-being in Africa and the Caribbean and to representing major black women's organizations.

As we celebrate Women's History month, we pay tribute not only to this fine organization that has brought so many women together in pursuit of such lofty goals, but also to the outstanding women who have tirelessly served others through their work with the council.

I am pleased to honor Cleopatra Hamlin Parson of Mount Vernon, whose musical talent is well known. She moved to Mount Vernon with her family and quickly took an active role within the community. She joined the AME Zion Church and has devoted her talents to the choir, the adult Bible class, and the Sunday school. In addi-

tion, she was a charter member of the Mount Vernon chapter of the NAACP and is involved with several seniors centers. Indeed, Cleopatra Hamlin Parson is working to leave no one behind.

Robena Ambrose Cotten, also of Mount Vernon, celebrated her 110th birthday last year. She was recognized by Mount Vernon Hospital for her special contributions. Her many years of teaching and work at the hospital have certainly provided a source of comfort and inspiration to thousands who have turned to the hospital in difficult times. And, yes, Robena Ambrose Cotten has done her part to leave no one behind.

Marcia Marie Brown has always put others before herself. She has worked tirelessly on behalf of our youth. She has targeted at-risk youth through Operation Clean Sweep and the literacy program for youthful offenders. Also, Marcia's commitment has been crucial in the development of the Girl Scouts of Westchester. She was one of the founding members and served as vice president of the Girl Scouts of Westchester-Putnam. Her dedication was recognized with the Thanks Badge, their highest honor, and she continues to work with young girls as a troop leader. We are grateful to her for her consistent belief in our children and her willingness to afford these youth the opportunity to achieve. Marcia Marie Brown has committed herself to leaving no one behind.

Dr. Olivia Hooker wanted to serve her country and refused to give up when prejudice would have denied her the opportunity. She became the first African-American SPAR in the U.S. Coast Guard in World War II and in that capacity she has been an important role model for many African-American women in our community. Not only did she nobly serve her country, but she has earned many academic honors through her work as a psychologist. Again, she has served as an inspiration to others to pursue educational opportunities as a means of strengthening their ability to help others. In so doing, she has worked to ensure that our society does its best at leaving no one behind.

Mr. Speaker, I salute these women for the strength of their convictions and for their outstanding accomplishments. Thanks to them, fewer in our society are being left behind.

REGULATION OF INTERNATIONAL  
MONEY

Mr. GONZALEZ. Mr. Speaker, today I will continue, of course, the discussions because of the pending nature of the need of legislation to get some control, which we really never had had, none of our regulatory agencies, over this tremendous amount of international money, so-called international money that amounts to about

\$800 billion, even as I speak here, floating around where just a small portion of it can be highly leverageable for such things as anything from armaments procurement indirectly through other banks and such things as drug money laundering.

It is a great necessity that we must continue. We must also report what the Committee on Banking, Finance and Urban Affairs has had to confront within the last 2 years that we have been on this subject matter. There has been an absence of great concern expressed. But nevertheless that should not deter us from the fact that this Nation does not have—and it is the only Nation defined as a modern industrialized Nation that does not have—any kind of screening board or any real regulatory control over the financial and banking activities of other countries in our own.

We did amend the 1978 international banking law somewhat, this last November in the Banking Act which we approved. But it is not enough.

It was compromised, as all these have been. My personal relationship with this is that the 1978 International Banking Act, which was the first one in the history of our Congress to direct legislation, was born out of the 1975 hearings that, after a lot of pushing and shoving, I managed to get in my home district of San Antonio. And it was as a result of the startling revelations that those hearings brought out that we ended up 3 years later with the minimal, or less than minimal, 1978 International Banking Act.

In those 1975 hearings, which incidentally I will tell my colleagues if you are interested, I believe we still have some copies of the printed hearings; we can see since 1975 what now has been the big national headache, not only the banking and other financial institutions scandals as such but the dilemmas confronting our entire industry and the serious, and critical condition in which our country's financial institutions find themselves.

The fact that the perception still is not there does not decry the fact that it is.

So, today, I will report on the secret mechanism used by the Bush White House to frustrate, evade, and stifle congressional investigations of its failed Iraq policy.

I have already brought out ad infinitum for almost 2 years the lamentable use of the guarantees backed by taxpayers, of course, that led to such a shameful and catastrophic policy, to the detriment of our national interest. The White House created this mechanism to cover up embarrassing and potentially illegal activities of persons and agencies responsible for the United States-Iraq relationship.

In April of 1991 the National Security Council's legal adviser called a high-level interagency meeting to discuss congressional investigations of Iraq

policy prior to the invasion of Kuwait on August 2, 1990. The meeting was chaired by Nick Rostow, the general counsel to the National Security Council. Mr. Rostow's previous experience includes playing a key role in the White House efforts to cover up the Iran-Contra scandal, which still needs to be exposed.

Also attending was President Bush's general counsel, Boyden Gray. Other persons at the meeting included the top lawyers for the Departments of Justice, Defense, State, Treasury, Commerce, Agriculture, Energy and the CIA. Each of their agencies had received requests for information from the Congress and the lawyers who were responsible for overseeing the collection and the submission of the information to the Congress. I will refer to this high-level legal team as the "Rostow gang."

Ostensibly, the function of the group was to review documents and information applicable to congressional requests for Iraq-related information and to establish a coordinated approach for the dissemination of that information.

A memo obtained by the committee explains the overt function of the National Security Council process as follows, and I quote:

The NSC is providing coordination for the Administration's response to congressional document requests for Iraq-related materials. The process is intended to be a cooperative one.

While on the surface it appears the Rostow gang was created to assure cooperation with congressional investigations in relation, it gave the White House a direct hand in regulating the flow of information to the Congress, thus limiting oversight of Iraq policy.

The Rostow gang established a process whereby a congressional investigation had to hurdle a series of increasingly difficult barriers in order to obtain information from an executive branch agency.

The first step required an agency's lawyers to review and inventory all congressional requests for information, in order to determine if documents could be denied on the basis of executive privilege.

The Committee on Banking was denied certain important documents on this basis, and these document requests were on the basis of over 100 subpoenas for documents that our Committee on Banking had issued and still has outstanding.

The next hurdle involved denying documents to committees and, instead, offering briefings for Members and their staffs. In that way, an agency was able to put its own spin on its actions, without congressional staff or Members being able to question the veracity of the agency's statements.

If the congressional committee that jumped the first two hurdles still insisted on receiving documents, the next

hurdle was actual access to the documents.

□ 1230

Under this scheme, before an agency could provide access to its documents, it was supposed to get a clearance from the Rostow gang. The April 8 memo states, and I quote:

When access to documents may be recommended, such recommendation should be circulated to this group for a clearance.

This delay mechanism also gave the National Security Council the power to influence an agency's decision to provide access to documents.

The next hurdle in the chain discouraged committees from obtaining physical possession of Iraq-related documents, thus making it impractical to conduct an investigation. The April memo states, and I quote again:

A recommendation to provide access should be restricted to members only, subject to these conditions. No document may be retained. Notes may be taken, but should be marked for classification by the department or agency in question.

As this quote indicates, the NSC even wanted to make it difficult for Members of Congress to look at Iraq-related documents. Agency lawyers used this hurdle, limit access to documents, by insisting that investigators not retain documents that they were permitted to review on the agency's premises.

The remedy to the Rostow bank process is, of course, subpoena power, but even faced with subpoenas, the administration has refused to turn over documents to the Congress; that is, to the committee and, thereby, the Congress. We follow the rules, and the rules mandate that, before a committee can issue subpoenas, it has to have the vote of the majority, and we not only had the majority, we had a total consensus of the membership of the Committee on Banking and Urban Affairs in issuing those documents which I have referred to before. Committees that did not seek the authority to use subpoena power to conduct investigations that were directed were much less of a threat to the Rostow gang. Without subpoena power a congressional committee that jumped all the hurdles, elected to limit their access to documents, was often denied the documents it requested. Committees that voted to authorize the use of subpoenas found documents more readily available.

However in the case of the Committee on Banking, Finance and Urban Affairs, even though it had served a subpoena on one agency, important related materials are still being withheld; that is, related to the Iraq question. In addition, the Committee on Banking, Finance and Urban Affairs found that several agencies conveniently could not locate documents the committee had requested and had spelled out a full description in our subpoena.

The following quote from a Commerce Department letter sheds light on

how the administration planned to cooperate with Congress. In February 1991, a letter to the top lawyer at the Commerce Department, the former Under Secretary for Export Administration, stated, and I quote, "In sum the printout provided Mr. BARNARD"; Mr. BARNARD happens to be chairman, the gentleman from Georgia [Mr. BARNARD], of a congressional committee of the Committee on Government Operations; "is a summary reference document. The printout is also consistent with fifth floor." Well, that is Secretary Mosbacher's officer. That is the fifth floor is the Secretary's office floor. "Guidance and requests from both State Department and the National Security Council is that no additional information be provided that does not directly address the committee's request."

Translating this memo, "the fifth floor," "the National Security Council" and "State Department guidance" referred to in the letter means that, if a committee does not know that a document exists, the agency will not reveal it. The Rostow gang was established to delay congressional investigation and to permit the White House to regulate the flow of Iraq related information to Congress. In the case of the Commerce Department, the White House went beyond regulating the flow of information to Congress. The committee has gathered evidence showing the National Security involvement in a scheme to mislead the Congress about the licensing of military useful goods destined for Iraq. That is before the war. The Commerce Department has been wrongfully subjected to severe criticism for its role in the transfer of military useful technology to Iraq. The true responsibility for the transfer of United States technology to the Iraqi war machine lies with the White House and the State Department because they set technology transfer policy. The Commerce Department's role is merely to carry out the policies established by the White House and the State Department. As with the CCC—the Commodity Credit Corporation—and the Eximbank—the Export-Import Bank—programs, the National Security Council and the State Department viewed the export licensing process as a valuable tool of diplomacy. They need U.S. high technology transfer as an inducement to gain favor with Saddam Hussein.

That explains why the NSC and members of the Rostow gang became directly involved in a scheme to mislead the Congress and the American public thereby about the military nature of United States technology transfers to Iraq.

Beginning in September 1990, the House Subcommittee on Commerce, Consumer and Monetary Affairs, chaired by my colleague, the gentleman from Georgia [Mr. BARNARD],

requested Iraq relate export licensing materials from the Commerce Department. The Commerce Department eventually provided export licensing information to the subcommittee, but press reports began to surface indicating that certain export information had been deleted prior to being submitted to the Congress.

In February 1991, the Commerce Department's general counsel, who happens to be a member of the Rostow gang, asked the former undersecretary of the Bureau of Export Administration, Dennis Kloske, to investigate press allegations that export licenses were deleted from Commerce Department files. In late February Mr. Kloske reported that in fact changes had been made to the export licensing information. As a result of Mr. Kloske's finding, the general counsel wrote the Commerce Department inspector general asking him to investigate the matter further.

On June 4, 1991, the Commerce Department inspector general issued reports based on its investigations. The report concludes, and I quote, "Changes were made to selected data on 66 approved export licenses to Iraq. Bureau personnel also changed permanent records, compromising the integrity of the Iraqi license records. Neither the changes to the data provided to the chairman," that is, the gentleman from Georgia [Mr. BARNARD], "nor the changes to the system data bases were adequately supported."

May I also add that the gentleman from Georgia [Mr. BARNARD] is not only the chairman of a subcommittee of the Committee on Government Operations. He is also a very illustrious member of the Committee on Banking, Finance and Urban Affairs.

The report goes on to state that it was bureau personnel that changed the export licensing records. The Kloske and inspector general investigations of the changes to the export licensing information were both seriously flawed. Both reports are silent on the issue of who ordered the changes to the exporting licenses information that was submitted to the Congress. Both reports are silent on that critical, important issue because the Commerce Department's general counsel deliberately avoided investigating the question of who was responsible for ordering the changes to the licensing data.

□ 1240

Could the changes have been ordered by the National Security staff? Well, despite the availability of evidence pointing in that direction, neither investigation was permitted to pursue that possibility. The Banking Committee has been informed by administration officials that the NSC legal staff went beyond reviewing the Commerce Department documents that were to be forwarded to Mr. BARNARD's sub-

committee, and NSC staff lawyers actually took physical possession of various Commerce Department documents. On top of that, the Commerce Department lawyers did not prepare a control list for the documents so it could keep track of which licensing records they had supplied to the NSC.

The committee has also been informed that prior to the submission of the export licensing records to the Congress, the NSC staff had numerous contacts with the General Counsel of the Commerce Department as well as the general counsel of the BXA, the export licensing bureau.

Given that the NSC was instrumental in setting the export policy toward Iraq, it had a strong political motive to mislead the Congress as to the military nature of goods sent to Iraq. It did not want the public to know that the White House had provided aid to the Iraqi war machine.

Placed in that perspective, the fact that the NSC actually took physical control of Commerce Department documents and had numerous contacts with the Commerce Department lawyers, serious questions should be raised about whether or not the NSC altered the Commerce Department records or, more likely, effectively ordered the changes to the records. After all, it is highly unlikely that numerous Commerce Department bureaucrats would risk breaking the law and losing their jobs over a policy that they were not responsible for setting.

Another important question relates to the fact that the Commerce Department lawyer that limited the scope of the investigations also is a member of the Rostow gang. It is certainly plausible to think that the NSC or others ordered him or pressured him into limiting the scope of the Commerce Department's investigations so that attention would not focus on the NSC staff.

In addition, the circumstances surrounding Mr. Kloske's departure from the Commerce Department also raises suspicions. It was reported in the press that Mr. Kloske was forced out of his post at the Commerce Department because of derogatory comments he had made about the administration's export policy toward Iraq. Could the National Security Council have ordered him or pressured him into authorizing the changes to the export licensing information? That is a good question, and it should be asked. The question and its asking should be sustained.

On July 10, 1991, Mr. BARNARD wrote to then Attorney General Thornburgh asking him to investigate the possibility of criminal culpability relating to the Commerce Department's provision of false information to the Congress. To date, the Justice Department's probe has not returned any indictments. It is interesting to note that one of the Justice Department's top

lawyers is also a member of the Rostow gang.

The Rostow gang process operates as a sort of Maginot Line. If congressional investigations pass the first barrier, they soon run up against the next. Under this strategy, the process of obtaining documents to investigate United States-Iraq policy is a painstaking, tedious, drawn-out process that ensures many months will pass before a congressional committee obtains documents needed to conduct Iraq-related investigations.

The mere fact that the White House established and directs a group to regulate congressional investigations of Iraq policy raises questions about the motives of the White House.

Some important questions that need to be asked are: What do congressional investigations of the preinvasion Iraq policy have to do with designing and carrying out the President's national security strategies? With the world changing by the minute and our national security strategies becoming outdated daily, why would the NSC devote scarce staff time to regulating congressional investigations, or at least attempting to and so far succeeding?

Since when did it become the responsibility of the National Security Council staff to involve itself in congressional investigations?

Well, someone like me would want to know. We asked that question, and we know what has been happening for many years. It goes back many years, and I had knowledge of a lot of things that at the time we found hard to believe.

The only other example that comes to mind is the Iran-Contra investigation.

Are the lawyers of the various agencies so incompetent that they need guidance on answering congressional requests for information? On the contrary, executive branch agencies process hundreds of congressional requests for information each year. The lawyers at these agencies are most competent, highly motivated people who do not need, nor usually receive, guidance from the White House in complying with these requests.

Given Mr. Rostow's close proximity to the coverup of the Iran-Contra scandal and the unique functions of the Rostow gang, it is not outside the realm of possibility that the White House is hiding something about its Iraq policy.

It used to be that coverup were sort of ad hoc events, a made scramble to provide damage control for the moment. The Rostow gang advances the notice that coverup mechanisms have become an integral cog in the machinery of this administration.

Officials of this administration have publicly stated that they would not use food as a political weapon, for example,

and in testimony before the Congress these same officials often stated that the United States does not single out farm exports as a tool of foreign policy. In the case of Iraq, this administration violated both of these policies, and in the process they repeatedly misled the Congress and thereby the American people.

The U.S. Department of Agriculture [USDA] offers a variety of programs designed to assist U.S. farmers to sell their products overseas. The biggest of these programs is the Commodity Credit Corporation's Export Credit Program. This was also the main United States program utilized by Iraq.

The goal of the CCC Program is to assist U.S. farmers to sell their agricultural products abroad by granting cash-strapped nations credit to purchase U.S. agricultural products. The CCC is required by regulation to allocate its credit on the basis of a foreign country's needs, its market potential, and, above all, the likelihood that those guarantees or loans will be repaid.

In the case of Iraq, those purely commercial conditions were relegated to secondary status. Achieving foreign policy objectives became and remained the prime goal of the CCC programs for Iraq.

I have shown in previous floor statements that from the beginning of the United States-Iraq relationship in 1982 until the Iraqi invasion of Kuwait, the CCC Program was the cornerstone of United States-Iraq relations. The CCC Program financed the sale of \$365 million in U.S. agricultural products in 1983. That was the year that President Reagan took Iraq off the list of terrorist nations and opened the sluice gates for all of this interchange, and so forth, and by 1988 it had reached over \$1 billion annually, all guaranteed by taxpayers, and the taxpayers have been left with a bag of over \$2.5 billion just on these Iraq letters of credit financed through the CCC Guarantee Program.

□ 1250

The CCC Program was by far the largest U.S. Government program became the two nations. With the advent of the BNL scandal, that is, the Italian bank, the Banca Nazionale del Lavoro, which, incidentally, all these banks are government-owned, and all of these transactions are by the central bank of Iraq, for whatever that means. Of course, our regulators, the Federal Reserve Board, which is supposed to have prime jurisdiction says, "Well, of course, our reciprocity means we can't get behind these accounts of a central bank of another country."

But what about these other banks that are also owned? They may not be the central bank, but they are owned by that government. And how can the policies of our Government not be frustrated, on one hand expressed through

the State Department and what not, and, on the other hand, canceled out by the banking arrangements?

As I have said, at the bottom of everything is financing. Banking. Money. As they say in Spanish, don denaro poderoso caballero, or, Mr. Money Bags, a mighty powerful individual indeed.

The BNL investigation uncovered the fact that top Iraqi Government officials were involved in this scheme.

Well, of course. We do not understand. It is not like our setup, any more than the setup of the central bank in these other nations is like ours, or the screening and the oversight and the regulating of their banking functions, both domestic as well as foreign, are comparable to our country.

Even the Europeans, German, French, we are not talking about the same thing. That does not seem to have dawned on our leaders in our country even now.

It also brought to light the abuses of the CCC Program toward Iraq. On top of the BNL scandal, Iraq's already precarious financial position took a turn for the worse in 1989, as it began to default on its loans to other creditor nations.

As a result of these factors, the Treasury Department and the Office of Management and Budget began to have serious doubts about extending CCC credits to Iraq. Pursuing friendships with Saddam Hussein, above all else, the State Department was not daunted by Iraq's poor financial condition or the pessimistic outlook of its sister agencies.

Based on purely foreign policy grounds, the State Department pressed the USDA, the Department of Agriculture, to give Iraq \$1 billion in CCC credits for fiscal year 1990.

The invasion of Kuwait happened on August 2, 1990. This was despite the USDA's contention that the CCC Program should be held under \$800 million.

Now, what I am not mentioning, but I have in the past, and maybe I should not regurgitate that, but I think I ought to remind my Members that these credits through the BNL were leveraged and led to the purchase of high technology from American corporations, such as the giant gun that was in the process of being developed, whose originator was assassinated in Belgium at the height of all this. Also chemical weapons and ingredients for chemical weapons.

They were all leveraged through these licensing credits through not only BNL, but BNL acts as a bank. It also acts as a syndicator.

What do we mean by syndicator? That is a fancy word. It means they do not do it alone. They bring in other banks. And they brought a host of not only American, but foreign banks, into these transactions.

Based on purely foreign policy grounds, the State Department pressed

the United States Department of Agriculture to give that credit to Iraq. Iraq was aware that a CCC Program was in jeopardy. In a meeting in October 1989 between Secretary of State Baker and Iraqi Foreign Minister Aziz, on October 6, 1989, Mr. Aziz was paraphrased as saying:

Food was a particularly explosive area because the government must feed its people. He [Aziz] said the Iraqi delegation was very concerned that failure to agree to the full [\$1 billion] program now would force Iraq to search immediately for alternative suppliers and such suppliers were not available. U.S. actions will sour relations, he concluded.

After an intense lobbying effort, in November 1989 the State Department finally won approval for a \$1 billion fiscal year 1990 CCC Program for Iraq. The other agencies did prevail in getting the program split into two \$500 million installments. Under that approach the second \$500 million could be withheld if additional problems were uncovered that warranted suspension of the program. Additional problems did arise.

As 1990 unfolded Iraq became increasingly belligerent toward the United States. As that belligerence grew, the State Department and NSC looked for leverage that could be used to modify Iraq's actions. They decided that the leverage would be the release of the second \$500 million installment of CCC credit.

The United States Ambassador to Iraq, April Glaspie counseled against using food as a device to modify the actions of Iraq. In a May 18, 1990 cable to the State Department and the NSC, Ambassador Glaspie stated:

My own thinking is that unless Agriculture has uncovered a legal hornets nest, we will want to proceed with the second tranche of credits. It remains unclear why we would want to use food as a weapon.

Later that month the NSC called a meeting to discuss potential strategies for dealing with Iraq. In preparation for that meeting the State Department formulated a list of policy options that could potentially be used as a tool to modify Iraq's actions. Regarding the CCC Program the paper states:

CCC Program: This is the largest program we currently have with Iraq. All the sanctions legislation on the Hill, aside from Inouye-Kasten, exempts CCC. PRO: Since Iraq's record of repayment on CCC-guaranteed loans is good and USDA's review will probably give Iraq a fairly clean bill of health, suspension of CCC at this point would be a strong political statement. CON: It would violate our policy against using food as a political weapon and hit some U.S. agricultural exporters hard. It might also lead Iraq to default on CCC-insured loans. Other countries would sell these commodities to Iraq.

Now, have we learned anything? No; not at all. Even as I am speaking now, how many of my colleagues know that the United States, this administration, has entered into a 10-year treaty with Kuwait? Ten years for defense. How

many know the tremendous amount of money that the Import-Export Bank has released for Kuwait? How many Members realize that at this time our home builders, those in areas in which masonry is not the big ingredient, but lumber, are finding that the cost of lumber is going up because it is being shipped to Kuwait? But under what conditions? Export-Import Bank guarantees.

So it looks like we have learned nothing, or at least our executive branch has not, or does not want to.

At the conclusion of the meeting it was decided that a strong message would be sent to Iraq—the second \$500 million installment was not released. This too little, too late effort to get tough on Saddam Hussein was a violation of the Bush administration's own policy against using food as a political weapon.

The State Department, arguing against suspension, feared that suspending the CCC Program would cause Iraq to default on all its debts to the United States. The State Department was right on that account but that issue became moot when less than 3 months after the meeting Iraq invaded Kuwait and defaulted on its \$2 billion in CCC debts.

The committee has many more documents showing that the administration used the CCC Program for Iraq as a foreign policy tool in an attempt to improve relations between our two nations. What is troubling is that the Bush administration repeatedly misled the Congress and the American public about how it was using the CCC Program. It did this to circumvent prudent controls that would have limited the amount of credit that would have been made available to Iraq. That deception has left the United States taxpayer holding a much inflated tab for Iraq's default.

□ 1300

Former Under Secretary of State for Near East and South Asia [NESAs], John Kelly, was one of the chief lieutenants assigned to carrying out the United States policy toward Iraq. The committee has numerous documents written by Mr. Kelly showing that the State Department knowingly used the CCC Program as a foreign policy tool in order to achieve President Bush's decree to have close and friendly relations with Iraq.

To illustrate that point, when the BNL scandal threatened to cut off the CCC Program for Iraq, Mr. Kelly wrote in a February 1990 memo:

Saddam Hussein's recent attacks on the U.S. underline the fragility of our relationship with Iraq. CCC is a key component of the relationship and failure to approve the second (\$500 million) tranche will feed Saddam's paranoia and accelerate his swing against us. We need to move quickly to repair the damage to the U.S.-Iraqi relationship by getting this critical program back on track.

Part of Mr. Kelley's responsibility was to testify before Congress. While Mr. Kelly recognized and used the CCC's agricultural export promotion program as a tool of diplomacy, on several occasions he deliberately misled the Congress and the American public about the use of the program.

During hearings on Iraq on April 26, 1990, before the House Foreign Affairs Committee and on June 15, 1990, before the Senate Foreign Relations Committee Mr. Kelly stated:

Regarding our agricultural programs, U.S. policy in both this administration and the previous one has been not to single out farm exports as a tool of foreign policy.

Not surprisingly, Mr. Kelly's memos never mentioned protecting the integrity of the CCC Program or protecting the American taxpayer from Iraqi default. Mr. Kelly was not the only Bush administration official that misled the Congress and American public about the United States policy toward Iraq.

USDA KNEW CCC PROGRAM FOR IRAQ WAS PRIMARILY A FOREIGN POLICY TOOL

I will now show how several USDA officials, including the former Secretary, repeatedly misled the Congress and the public about the foreign policy nature of the CCC Program for Iraq. USDA repeatedly denied before Congress that the CCC Program for Iraq was subject to foreign policy pressures and it also indicated that the CCC Program for Iraq was not mainly foreign policy based. Concrete evidence gathered by the committee contradict both those assertions.

The USDA was, in fact, well aware that the CCC Program for Iraq was foreign policy based. To illustrate that point consider a comment from a 1989 Agriculture Department memo related to the proposed \$1 billion fiscal year 1990 CCC Program for Iraq. The memo states:

\*\*\* This program cannot be seen by the Iraqi side outside the context of the overall U.S.-Iraqi political relationship. The U.S. relationship with the most powerful of Arab states, both militarily and in terms of its oil reserves, has been carefully nurtured during the years of the Iran-Iraq war and more particularly, during the 10 months since the cease-fire. The CCC program, as the Ambassador's personal cables have emphasized, played a key role in this approach. The Ambassador's cables have stressed the threats to the overall political relationship that a cutoff in the (CCC) program would pose. More widely, the cutoff runs the risk of interpretation by the Arab countries collectively as a further signal of their second class treatment in U.S. foreign policy.

Does that sound like a statement from an agency that does not understand the foreign policy nature of the CCC Program for Iraq?

Despite knowing that the CCC Program for Iraq was being inflated to achieve foreign policy objectives, in testimony before the House Banking Committee in October 1990, the CCC's Paul Dickerson stated:

It (the CCC program for Iraq) was a market driven agriculture-related program without reference to other issues.

The USDA attempted more than once to keep the true nature of the CCC Program from public scrutiny. In an April 26, 1990, Treasury Department memo describing a meeting between USDA, State, and Treasury, the USDA is paraphrased as stating:

The USDA official said USDA is concerned that foreign policy considerations may cause curtailment of the (CCC) program, and is uncomfortable emphasizing foreign policy as the public rationale for making available the first tranche of the fiscal year 1990 Iraq CCC guarantees.

The USDA was fully aware of the commercial rationale for the CCC Program for Iraq and the conflicting reality caused quite a bit of worry among the program's managers. In preparation for the May 1990 NSC meeting that I mentioned earlier, the USDA sent a wishful background memo to Mr. Brent Scowcroft which stated:

\*\*\* It cannot be overemphasized that any constraint on CCC credit guarantees must not be based on a foreign policy rationale.

As we know, in order to send a strong political signal to Saddam Hussein, the program was suspended at that meeting.

#### USDA DENIES INTENSE PRESSURE

In my floor statement of March 2, I showed that the pressure on the USDA to approve the CCC Program for Iraq was intense. It was so intense that in late 1989, both Secretary of State James Baker and Deputy Secretary of State, Lawrence Eagleburger put the full weight of their offices behind winning approval for the CCC Program for Iraq. They lobbied the USDA and other agencies and neither minced words—they wanted the CCC Program for Iraq approved for foreign policy purposes.

During the period surrounding the 1989 debate on whether or not the CCC Program for Iraq should be approved, the USDA still strongly supported the program—albeit at a lower level than the State Department. Since Iraq had become a large market for United States agricultural products, the USDA feared that a sudden termination of the program would place too much of a burden on United States farmers.

As 1990 unfolded the USDA began to seriously doubt the wisdom of releasing the second \$500 million installment of CCC credits to Iraq. The State Department detected the USDA's growing apprehension and it exerted considerable pressure on the USDA to win approval for the release of the second \$500 million installment for Iraq.

The State Department's position is illustrated in a January 4, 1990, informational memo which states:

\*\*\* USDA may still be reluctant to proceed with the second tranche. CCC has been criticized heavily for mismanagement in recent months and may not want to risk push-

ing the second tranche at this time. We want to move ahead with the second tranche this month, as the Iraqis have requested. If it appears USDA is holding back, we may want to force the issue by bringing it before the NAC Deputies (Committee).

The State Department's position is further illustrated in a February 1990 memo to the Treasury Department calling for a NAC meeting to discuss the release of the second tranche. In the memo Mr. Kelly writes:

USDA's present delay in releasing the second tranche damages the interests of U.S. producers that sell to Iraq as well as our political relationship with an important country (Iraq). I therefore request that you (Treasury Department) convene a meeting of the NAC deputies as soon as possible so that I can make State's case for immediate action.

A third example showing that the USDA was under intense pressure to approve the CCC Program is contained in a May 25, 1990, Treasury Department memo summarizing a meeting held between the USDA, Treasury, and State Department. The memo states:

(The) meeting has been initiated by the NSC staff because they want to prevent the CCC program from being canceled as it would exacerbate the already strained foreign policy relations with Iraq. Agriculture had planned to put out a press release on May 21, 1990 that said the program was being suspended until the investigation into improprieties in the program were completed. The NSC prevailed on Agriculture to say only that their investigation showed the improprieties may have occurred and remained silent on the suspension. In fact there is a suspension in effect. \*\*\*

#### □ 1310

Even though the USDA was under intense pressure from the State Department, on several occasions USDA officials deliberately misled Senator PATRICK LEAHY, the chairman of the Senate Agriculture Committee about those pressures.

In February 1990 Senator LEAHY took opportunity of hearings on the 1990 farm bill to question the USDA's Richard Crowder about allegations that the USDA was being pressured to approve the CCC Program based on foreign policy grounds. During the hearing Senator LEAHY stated:

I assume you are getting some pressure, either from the State Department or elsewhere, within the administration to loan money to Iraq. Or is it just an internal decision made simply by the Department of Agriculture?

Mr. Crowder responded:

We (USDA) are not getting undue pressure from anyone on either side, either for Iraq or anyone else at this time. If we did not agree with it we would not recommend it. If we thought it was appropriate, we would recommend it.

The Secretary of Agriculture even got into the act. On February 12, 1990, Senator LEAHY wrote to then Secretary of Agriculture, Clayton Yeutter, asking about the BNL scandal and the fiscal year 1990 \$1 billion CCC Program

for Iraq. In the letter, Senator LEAHY wrote:

I am also disturbed by rumors that foreign policy pressures have encouraged the Department to give Iraq special treatment in this case."

On February 20, 1990, Secretary Yeutter answered Senator LEAHY and in letter he states:

You mentioned that there were "rumors" that foreign policy pressures have encouraged the Department to give Iraq special treatment in this case. To the contrary, the extension of CCC guarantees in connection with sales to Iraq have recently been subject to special scrutiny because of the BNL investigation.

It is interesting to note that an earlier draft of Secretary Yeutter's reply was much more specific and misleading. The draft letter contained a flat denial, as opposed to the descriptive version that was actually sent. The draft letter states:

You mentioned that there were "rumors" that foreign policy pressures have encouraged the Department to give Iraq special treatment in this case. I can assure you that there is no basis in this rumor.

The State Department directly intervened at least twice in USDA's operation of the CCC Program. First it raised the amount of the fiscal year 1990 CCC Program for Iraq from the USDA recommended amount of \$800 million to \$1 billion. Second, the State Department would not permit the USDA to suspend the CCC Program for Iraq in April 1990. The State Department sought to turn the program on and off for policy reasons, and nothing else.

Despite these and other pressures the USDA continued to mislead the Congress and the American public by insisting that the State Department was not applying undue pressure on the USDA. Given that high-level officials of the USDA were willing to mislead the Congress and public about the use of the CCC Program, one must be concerned about the integrity of the entire CCC Program.

How much of it is involved now in our lumber producers, lumber going to Kuwait, making our potential home buyers, who can afford one, pay a much higher price even now with so-called deflation?

One must be concerned. The CCC Program for Iraq is a prime example of how the State Department and the NSC use United States credit programs as a back-door means of financing your foreign policy objectives, often at the expense of the United States taxpayer, if not almost 100 percent. Because the administration strongly denies that these programs are used in this manner there is a decided lack of accountability over such use of the programs.

In 1989 and 1990 the State Department used the CCC Program for Iraq as a political weapon in a failed attempt to modify the actions of Saddam Hussein. That dubious effort cost the U.S. tax-

payer, in one instance, as I said before, not necessarily CCC, \$500 million, \$500 million. With less than that amount we could target the needed improvements we have in the sorely reduced housing stock for the very poor, known as public housing.

The State Department clearly does not hesitate to misuse commercial export programs nor to lie about its actions.

Mr. Speaker, I include here the document and the records on the basis of which I have issued this report to my colleagues.

NATIONAL SECURITY COUNCIL,  
Washington, DC, April 8, 1991.

Memorandum for: Jeanne S. Archibald, Treasury; C. Boyden Gray, White House; Fred Green; Michael Luttig, Justice; Terrence O'Donnell, DOD; Alan Raul, USDA; Elizabeth Rindskopf; Edwin Williamson, State; Wendell Willkie, Commerce.

Subject: Meeting on Congressional Requests for Information and Documents.

First of all, I apologize to Treasury and Agriculture for not inviting them to the meeting today on responding to congressional requests for information and documents pertaining to U.S.-Iraq policy prior to August 2, 1990. At the meeting, it became apparent that these departments should have been present. I shall schedule a meeting for tomorrow on requests pertaining to the BNL/CCC matters to which Agriculture and Treasury will be invited.

After reviewing the requests thus far received for information, today's meeting concluded that:

Department General Counsels should review and inventory all requests to determine which, if any, raise issues of executive privilege (deliberative process, foreign relations, national security, etc.);

Alternatives to providing documents should be explored (e.g., briefings);

When access to documents may be recommended, such recommendation should be circulated to this group for clearance;

A recommendation to provide access should be restricted to members only subject to these conditions: no document may be retained; notes may be taken but should be marked for classification by the department or agency in question. (FYI: our legislative affairs office recommends against insisting that members come to departments to read documents.); and

In any event, departments and agencies should seek guidance from this group in cases of doubt.

I hope you agree that this summary fairly represents where we came out.

NICHOLAS ROSTOW,  
Special Assistant to the  
President and Legal Adviser.

U.S. DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE GENERAL COUNSEL,  
Washington, DC, April 17, 1991.

MEMORANDUM FOR THE SECRETARY

From: Alan Charles Raul, General Counsel.  
Subject: Iraq-Related Document Requests;  
Response to Congressman Rose.

ISSUE

On April 15, Gene Bailey and I attended a meeting called by the NSC to discuss the Administration's response to Congressional requests for Iraq-related documents. USDA has received document requests from Congressman Gonzalez, Chairman of the House Bank-

ing Committee, and from Congressman Rose of the House Agriculture Committee.

Congressman Rose wrote to you on April 12, 1991 (copy attached), expressing his request for documents in rather forceful terms. A proposed reply for your signature is attached.

DISCUSSION

1. Background. The NSC's legal adviser and director of legislative affairs called an inter-agency meeting to discuss the Administration's response to numerous requests for Iraq-related documents. Boyden Gray attended the meeting, as did the Assistant Attorney General for the Office of Legal Counsel and the legal and congressional officers for State, Treasury, Commerce, and Energy Departments as well as the CIA, NSA and Joint Chiefs of Staff. Each agency reported on document requests it had received. The House Banking Committee, House Agriculture Committee, House Ways and Means Committee, General Accounting Office, perhaps the Foreign Relations Committees, as well as other committees, are requesting Iraq-related materials.

The Treasury Department reported that it had permitted Hill staff to review the National Advisory Council minutes regarding inter-agency consideration of the Iraq GSM request. The NAC minutes were reviewed in the offices of the Treasury Department; the Committee staff was not provided with any copies of the NAC minutes. Congressional staff members were not even permitted to take notes on any classified minutes.

2. Deliberative Materials. The Justice Department emphasized the need to determine which documents contained information that could be central to the Presidency, such as national security, diplomatic and other deliberative matters. The Assistant Attorney General also suggested that minority as well as majority staff members be included in whatever document review is allowed. He further suggested that, if appropriate, agencies should consider entering into confidentiality agreements with the Congressional committees or editing out the deliberative or advisory portions of potentially privileged documents.

3. Coordination and Review. The meeting concluded with NSC suggesting that the coordinating process would continue to be available so that agencies do not pursue inconsistent approaches. It was also noted that the objective is to cooperate with Congress while also ensuring that appropriate protections are accorded to deliberative materials. Also, the inter-agency nature of the subject should be recognized—therefore, agencies should not act unilaterally. In particular, an agency should not disclose documents in its files that were originated by another agency without advance consultation.

Finally, it was agreed that materials should be reviewed before being provided to the Congressional committees and that each agency should maintain a list or copies of the documents provided.

4. Suggested Guidelines. I proposed the following procedures and guidelines in response to these document requests within USDA:

1. Requests should be received in writing.
2. Party receiving request should forward copies to: a. Blumenthal/O'Connor (Cage); b. Raul/Brosch (OGC); c. Crowder/Acker/Hovemale (LACP/FAS); d. Bailey (OCR); e. Snead (OIG).
3. OGC will review each request and provide advice.
4. Potentially responsive files and/or documents will be reviewed or evaluated by OGC.
5. To the extent requested and appropriate (within OGC advice), access to files may be provided.

6. Relevant agency will make copies of potentially responsive materials and provide to OGC.

7. Agency or OGC (to be decided after consultation) will provide copies to Committee with appropriate cover letter drafted by OGC.

SUMMARY

The NSC is providing coordination for the Administration's response to Congressional document requests for Iraq-related materials. The process is intended to be a cooperative one; it also recognizes the Executive Branch's appropriate confidentiality interests. Many Congressional committees are investigating the subject, including the House Banking Committee and House Agriculture Committee. These two committees have submitted document requests to USDA.

In connection with the request from the House Agriculture Committee, a proposed response to Congressman Rose's April 12 letter to you is attached.

DEPARTMENT OF COMMERCE, THE  
UNDER SECRETARY FOR EXPORT  
ADMINISTRATION,

Washington, DC, February 26, 1991.

Memorandum for: Wendell Willkie, General Counsel.

From: Dennis Kloske.

Subject: Iraq Printout.

At your request, I have asked the Office of Export Licensing staff to prepare a report on the preparation of the printout for Chairman Barnard. A copy of this report titled "Iraq Data Base Assessment" is attached, along with Qs & As and a case-by-case summary of any corrections made to the printout. I believe this fully responds to your memorandum to me of February 8. The first printout provided to the Committee is a summary reference document which is responsive to the Chairman's request concerning the history of exports to Iraq. The document also reflects Fifth Floor and White House guidance not to provide information that was not directly responsive to the Chairman's request. Please note that to date, four printouts have been provided to the Committee—the first two by ECCNs, and the other two by end-users.

I have also been informed that the list of four suspended cases to Iraq was not supplied to the Committee, although Mr. Jacobs, Barnard's Chief of Staff, was told about it during one of the briefing sessions. I have given instructions that the list be given to the Committee.

I would be happy to brief you on the report in greater detail.

IRAQ DATA BASE ASSESSMENT

Information on export license applications to Iraq is contained in the Export Control Automated Support System (ECASS) data base. That data base contains more than 1.5 million records dating back to 1980. There are more than 400 different computer programs that can be used to access the data base to obtain different information.

Records dating back to 1980 are very sketchy and cover little more than the date of receipt and final action. In the mid-1980s, the data base improved greatly but still contained many inaccuracies as data was input by key punch operators. In 1988, the data base accuracy increased once again as application information was entered either electronically from the exporter or by scanning applications with Optical Character Readers.

The actual data base can only be modified by the Director of the Office of Information Resources Management (OIRM) or by his

Deputy. No one in the licensing office nor any senior management official has the capability to access the computer and modify any existing data.

Congressman Barnard requested on September 28, 1990, a list of all export licenses to Iraq from 1985 to August 2, 1990. He asked for:

Disposition of each license application,  
Requester of each license application,  
Product to be exported,  
Approximate value of sale,  
End-Use,  
End-User, and  
Export Commodity Control Number (ECCN).

The Congressman stated in his request that he understood that "the requested information is on a computer data base and is readily accessible."

Accordingly, we decided to respond to the Congressman's request by preparing a printout generated by the ECASS data base. For the disposition of the export license application, we asked the computer to list whether the case was approved, rejected, returned without action, or embargoed. For the requester, we provided the name of the applicant—the exporter.

For the product to be exported, we used the description associated with the Export Control Commodity Number (ECCN) contained in the data base. We thought this would be more helpful to the Congressman rather than printing out the lengthy listing of technical specification and model numbers. Thus, for example, a product description read, "Electronic Computer and Equipment" rather than the specific model and technical details of the computer in the application.

For the value, we used the value submitted with the application. For the end-user, we asked for the ultimate consignee. For the end-use, we asked the computer to printout the end-use as listed in the data base. For the ECCN, we provided the ECCN.

In reviewing the printouts before their submission to the Congressman, we compared each entry for accuracy with information that was available on microfiche records. In 65 instances out of the 1,126 licenses processed for Iraq during this period, we found that the data base did not correctly reflect the disposition of the application. Not surprisingly, most of these instances were for applications before 1988. Based on concrete and specific documentation available on microfiche, we corrected the data base by including the additional information. These corrections are detailed case-by-case on the attachment. Generally, they included:

Additional information not reflected in the data base,

Updating other agency recommendations or adding positions where the most recent recommendations had not been entered into the data base, and

More detailed commodity or end-use descriptions where the information in the data base was insufficient or misleading.

All of the recommended corrections were forwarded to OIRM for entry into the data base. Again, no corrections were made by any licensing personnel or by any senior managers in the organization.

With respect to the data provided to the Congressman and the position of the other agencies, these reports were cleared with those agencies. All advisory agencies—Defense, State, Energy and the Subgroup on Nuclear Export Controls (SNEC)—have reviewed these reports and concur in the accuracy of Commerce's information and, with one exception noted below, in the manner which it appeared in the data base.

The one exception concerned the State Department, which requested a modification to the data presented to the Congressman. While Commerce's data base showed that several of the applications which had been referred to State had received a recommendation of approval, the State Department wished in those few cases to have the recommendation changed to one reflecting that State had raised no foreign policy objections. State contended that in these few cases there was not formal requirement to refer the application to State, and, thus, no formal opinion of approval from State was required. Commerce refused to alter the data base but did agree to footnote those few instances with State's preferred description of its position.

With the exception of the corrections noted above and in the attached case-by-case description, no changes were made to the data base. The printouts provided to the Congressman factually represent what is in the ECASS data base and what has always been in the ECASS data base. The ECASS system is one of exceptional security and was designed with internal safeguards and audit trails to preclude alteration.

In sum, the printout provided to Mr. Barnard is a summary reference document that is responsive to his September 28, 1990, request. The printout is also consistent with Fifth Floor guidance and requests from both State and the NSC that no additional information be provided that does not directly address the Committee's request.

DEPARTMENT OF COMMERCE,  
THE INSPECTOR GENERAL,  
Washington, DC, June 4, 1991.

Memorandum for: Robert A. Mosbacher, Secretary.

From: Frank DeGeorge, Inspector General.  
Subject: Report on Iraqi Export License Information, Bureau of Export Administration.

At the request of the Department's General Counsel, we reviewed the releases of Iraqi export license information to the Chairman of the Subcommittee on Commerce, Consumer, and Monetary Affairs, House Committee on Government Operations. Our review disclosed no evidence that Bureau of Export Administration personnel deleted entire export license records before they submitted the information requested by the Chairman. However, we did confirm an initial report by the former Under Secretary for Export Administration that a small percentage of certain data of the Iraqi export licenses processed were changed in submissions to the Hill.

Bureau personnel, including the former Under Secretary, stated that while preparing printouts for submission to the Chairman, changes were made to selected data on 66 approved export licenses for sales to Iraq. Our review disclosed changes to data on two additional licenses concerning trucks. Bureau personnel also changed permanent records on the Export Control Automated Support System database, compromising the integrity of the Iraqi license records. Neither the changes to the data provided to the Chairman nor the changes to the system database were adequately supported. Our review disclosed that the former Under Secretary concurred with all changes to the data sent to the Chairman, but was unaware of any system database changes. With the exception of changes to five truck licenses to remove a reference to their potential military use, the changes were inconsequential and eliminated apparent inconsistencies in the license information.

This report contains recommendations to ensure the integrity of the export licensing data and any such data submitted to the Congress in the future. These recommendations have been discussed and agreed to by Bureau officials; we are therefore issuing this report in final form. Department Administrative Order 213-5 requires operating units to submit an audit report action plan, including a timetable for implementation of the recommendations, within 90 days of the date of the audit report. Accordingly, we request that the acting Under Secretary of the Bureau of Export Administration be directed to submit such a plan. We are providing a copy of this report to the acting Under Secretary and to the General Counsel.

#### INTRODUCTION

Beginning in September 1990, Congressman Doug Barnard, Jr., Chairman of the Subcommittee on Commerce, Consumer, and Monetary Affairs, House Committee on Government Operations, sent several requests to the former Under Secretary for the Bureau of Export Administration for lists of export license information on Iraq from 1985 through 1990. The former Under Secretary responded with computer printouts on October 10, October 24, and December 12, 1990.

The October 10 printouts did not show whether the licenses were referred to other departments under applicable licensing regulations. The regulations require BXA officials to submit certain license applications to the Departments of State, Energy, and Defense. The October 24 printout showed information on the referral to other agencies, but it did not show the other departments' responses or recommendations. The December 12 printouts showed all referral information, including the other department's recommendations.

On February 8, 1991, the Department's General Counsel asked the former Under Secretary to provide a report addressing whether (1) the printouts were misleading, (2) certain end users of the licensed commodities were deleted or changed, and (3) the characterizations of the licensing information had been materially changed from those originally in the system database. This information was requested because of media-reported allegations that export license information and records were deleted from the Bureau's files. The former Under Secretary provided the report on February 26, 1991, acknowledging that changes were made to the information given to the Chairman.

On March 11, following continued media reports that Iraqi export license information was deleted from the Bureau's files, the General Counsel asked the Office of Inspector General to review this matter.

#### PURPOSE AND SCOPE OF REVIEW

The purpose of our review was to determine (1) if any changes were made to the information prior to submission to the Chairman, (2) if any changes were made to the export control automated system database records, and (3) the accuracy and completeness of notations indicating the positions of other departments involved in reviewing licenses for exports to Iraq.

We interviewed Commerce officials involved in preparing the responses to the Chairman, including the former Under Secretary, and officials from the Defense, State, and Energy Departments. We reviewed the Bureau's support for the acknowledged changes to the printouts furnished the Chairman, and determined whether Bureau personnel had also changed other license information in the export license system

database. Bureau officials did not maintain any copies of the printouts provided to the Chairman, so we obtained Iraqi license information stored on magnetic tape as of May 22, 1990, and provided last August by the Bureau to another government agency. The tape did not include archived export license data for fiscal years 1985 and 1986. We also obtained a copy of the printouts from the congressional committee that received the information. We compared the copies of the printouts submitted to the Chairman with the information provided on the May 22, 1990, computer tape. We also compared the data shown on the December 12 printout with the data from the May 22 magnetic tape to determine the reliability of the Iraqi information in the database—that is, whether export license records were deleted from the database.

We did not examine the internal controls over the input and maintenance of data in the export licensing system. Instead, we have initiated a separate review over these controls and will provide you with a copy of that report when that review is completed.

This review was performed at Bureau headquarters and at the Departments of Defense, State, and Energy in Washington, D.C. Except as noted above, the review was conducted in accordance with generally accepted government auditing standards and was performed under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated May 22, 1980, as amended.

#### BUREAU PERSONNEL CHANGED INFORMATION ON 68 LICENSES

In his report to the General Counsel, the former Under Secretary stated that Bureau personnel changed licensing data on 65 of the 1,126 licenses (later amended to 1,130) processed for Iraq from 1985 through August 2, 1990. Bureau personnel acknowledged one additional license data change as we began the audit. During our review, we identified two additional license data changes that were not previously acknowledged, bringing the total to 68.

The license data changes were as follows:

(1) Descriptions of trucks were changed on five license records to eliminate a reference to a design for military use.

(2) Notations were removed on 19 license records that had indicated referrals of licenses to another agency.

(3) Stated positions of other agencies that review or approve licenses were changed on 39 license records.

(4) End use statements were changed on five licenses. On four licenses for equipment used in a "magnetic media factory," the descriptions of end uses were expanded. The expansion added the phrase "to [manufacture] video tapes for consumer electronics." On one license, the exporter had inserted a comment that, "According to our information the end user is involved in military matters" in the end use field. Bureau personnel deleted the comment.

#### Changes to "Military Truck" Licenses Unjustified

The export regulations provide an export control commodity number and general description for each commodity to be exported. Bureau personnel changed the commodity description for trucks from "vehicles designed for military use" to "commercial utility cargo trucks" or "vehicles." The former term is consistent with the terms used in the export administration regulations as the general description of the trucks. We found no changes to general descriptions of other licensed commodities

that made them inconsistent with the regulations.

A Bureau official told us the commodity descriptions were changed to clarify that the Bureau does not license the sale of military trucks. The official also said that the description changes were justified by a State Department letter to an exporter in 1983. The letter indicated that the exporter's trucks, which were intended for sale to Iraq, were classified as "commercial utility cargo truck(s)."

We disagree with both reasons for changing the commodity descriptions. The export administration regulations allow the Bureau to improve licenses for the sale of military trucks that are not on the U.S. Munitions List. Such vehicles are primarily transport vehicles designed for noncombat military purposes. Additionally, when we discussed the contents of the 1984 letter with Department officials, they informed us that the letter provides no justification for the description changes. It merely informed the exporter that the trucks are not on the munitions list and can be licensed by the Bureau. We conclude that the changes were unjustified and misleading.

Bureau personnel changed five licenses for trucks, including the two that we found. The total value of the licensed trucks were over \$1 billion, or approximately 2/3 of the total value of the approved export licenses for Iraq during the period under review. In fact, more than 97 percent of the total value of the changed licenses is accounted for by changes to the truck licenses. Although the licenses were approved, Bureau personnel informed us that no licensed trucks have been shipped.

#### Justification for Deleting Computer Parts and Components Referrals Not Clear

Bureau personnel deleted 19 referral notations to other agencies; however, those actions were not clearly justified. Nine referrals to the Defense Department for computer parts and components were deleted, and ten other referrals for various other commodities were also deleted. Bureau personnel told us they deleted the notations related to the computer parts and components because the Licensing Officers' Operating Manual stipulates that parts and components licenses should not be referred to the Defense Department.

We reviewed the operating manual and found that it contained conflicting procedures as to whether licenses for computer parts and components should be referred to another agency. A dated procedure could be used to justify the referral notation deletions, but a more recent procedure required that the licenses be referred to the Defense Department for approval. Notwithstanding the position of Bureau personnel that computer parts and components need not be referred to the Defense Department, they were referred and licensing issues were settled among the appropriate agencies. Under the circumstances it would have been more appropriate to have included the referrals in the printouts and explain the resultant positions where necessary.

We did not review the entire manual to see if it contained other conflicting or confusing procedures. However, Bureau officials should perform such a review to ensure that licensing personnel have clear, unambiguous procedures to apply to each license application.

#### Adequate Documentation for Many Changes Not Provided by Bureau Personnel

We reviewed the 39 changes made to other agency positions to determine whether the changes were well documented and sup-

ported. Bureau personnel told us that the changes to other agency positions were "corrections" supported by export licensing regulations and files of original documents.

Our review of the documentation used to support the changes showed that 13 of the changes were based only upon the Bureau licensing officer's written notation that an agency position had changed. We also found that 31 of the 39 changes were not supported by reliable independent documentation. The licensing officers often did not base the changes on independent supporting documentation such as memoranda prepared by officials of other agencies.

Bureau personnel also did not provide adequate support for changes that removed notations indicating referral to other agencies. Additionally, each license application must include a statement on the end use of the commodity being exported. Bureau personnel did not provide adequate documentation to support the changes in the end use statements.

Bureau personnel stated that they had discussed all changes with officials of other agencies to confirm that the changes accurately reflected their positions. Bureau personnel further stated that these officials concurred with the changes.

We asked officials at the Energy, State, and Defense Departments to verify statements by Bureau personnel. The Energy Department official disagreed with three of 10 position changes. However, he did not indicate that additional action to correct the record was needed. A Defense Department official stated that approximately 30 percent of the licenses were approved "with conditions," while the Bureau's records indicated that the licenses were simply approved. Another Defense Department official stated that he told the committee staff that he was satisfied with the presentation of the Defense Department's positions on the printout. The State Department did not disagree with the stated positions. As a result of the other agency officials' comments, we consider the changes to the positions and the deletions of the referrals to have had little effect on the Iraqi license information given to the Chairman.

We found that the other agencies did not maintain complete records of the license applications submitted for their review. Defense Department officials told us they depended upon the Bureau's files to support the changes in their positions.

#### PERMANENT CHANGES TO THE EXPORT CONTROL AUTOMATED SUPPORT SYSTEM WERE MADE WITHOUT ADEQUATE SUPPORT

The Bureau maintains the Export Control Automated Support System, which provides license processing and historical information on export licensing activities. It also provides the data needed to support enforcement actions for export license violations. The system contains the official license application, the application tracking information, the license, and the follow-up actions.

The system allows changes to applications before they are approved; however, once a license is issued it becomes an historical record and no changes by licensing officers are permitted. The date of final action is entered automatically by the system and cannot be changed. Changes to the database can be made only by computer personnel within the Operations Division with the specific authorization of the Director, Office of Information Resources Management.

We found that Bureau personnel forwarded a list of the previously stated changes to BXA's Office of Information Resources Man-

agement, with a request to change the permanent licensing database. OIRM officials acknowledged that they changed the license records solely on the basis of the highlighted list and oral assurances by licensing officials that the changes were justified. They neither reviewed the documentation used to support the changes nor requested copies to maintain in case questions arose in the future.

OIRM officials should have required authorization and sufficient supporting documentation before changing permanent records in the system. Changing system data without support compromises the system's integrity and confidentiality.

**RECOMMENDATIONS**

We recommend that the acting Under Secretary for Export Administration take the following actions:

1. Ensure that any future changes to export license information submitted to Congress and to the Export Control Automated Support System are authorized and adequately supported with appropriate documentation.
2. Retain complete documentation of the positions of all agencies involved in processing export licenses.
3. Ensure that the system database accurately reflects all agency positions.
4. Clarify the procedures in the Licensing Officers' Operating Manual for the referral to the Defense Department of license applications for computer parts and components intended for shipment to specific countries.
5. Ensure that the Licensing Officers' Operating Manual is reviewed to eliminate other conflicting or confusing licensing procedures.

**CONFERENCE REPORT ON H.R. 3337, WHITE HOUSE COMMEMORATIVE COINS**

Mr. HUBBARD submitted the following conference report and statement on the bill (H.R. 3337) to require the Secretary of the Treasury to mint coins in commemoration of the 200th anniversary of the White House, and for other purposes:

**CONFERENCE REPORT (H. REPT. 102-454)**

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3337), to require the Secretary of the Treasury to mint coins in commemoration of the 200th anniversary of the White House, 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 amendments as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

**TITLE V—COINS**

**SEC. 501. DESIGN CHANGES REQUIRED FOR CERTAIN COINS.**

(a) *IN GENERAL.*—Section 5112(d) of title 31, United States Code, is amended by adding at the end the following new paragraph:

"(3) The design on the reverse side of the half-dollar and the quarter-dollar shall be selected for redesign. The 1-cent, 5-cent and dime coins shall be considered for redesign. The first redesigned coin shall have a design commemorating the two hundredth anniversary of the ratifica-

tion of the Bill of Rights to the United States Constitution for a period of 2 years after issuance. After the 2-year period, the bicentennial coin shall have its design changed in accordance with the provisions of this subsection. All such redesigned coins shall conform with the inscription requirements set forth in paragraph (1) of this subsection."

(b) *Minting and Issuance.*—The minting of the first coin selected for redesign under section 5112(d)(3) of title 31, United States Code, shall begin not later than one year after the date of enactment of this Act, and the issuance shall begin as soon as practical thereafter.

**SEC. 502. SELECTION OF DESIGNS.**

The design changes required by the amendments made by section 501 shall take place at the discretion of the Secretary of the Treasury and shall be phased in over 3 years after the date of enactment of this Act. After the expiration of one year after the second redesigned coin is put into circulation, the Congress may, at its discretion, direct the Secretary to reconsider the design of any redesigned coin. In selecting new designs, the Secretary shall consider, among other factors, thematic representations of the following concepts from the Bill of Rights: freedom of speech and assembly; freedom of the press; the right to due process of law; and other appropriate themes. The designs shall be selected by the Secretary upon consultation with the Commission of Fine Arts. All coins minted under section 501 shall bear the inscription "IN GOD WE TRUST" and such other inscriptions as are required by law.

**SEC. 503. REDUCTION OF THE NATION'S DEBT.**

Section 5132(a)(1) of title 31, United States Code, is amended by inserting after the 3rd sentence the following: "Any profits received from the sale of uncirculated and proof sets of such coins shall be deposited by the Secretary in the general fund of the Treasury and shall be used for the sole purpose of reducing the national debt."

**SEC. 504. NO NET COST TO THE GOVERNMENT.**

The Secretary of the Treasury shall take such actions as may be necessary to ensure that the minting and issuance of the coins referred to in section 501 do not result in any net cost to the Government.

**SEC. 505. DENOMINATIONS, SPECIFICATIONS, AND DESIGN OF COINS.**

(a) *IN GENERAL.*—The fourth sentence of section 5112(d)(1) of title 31, United States Code, is amended by striking "half dollar, and quarter dollar".

(b) *TECHNICAL AMENDMENTS RELATING TO INSCRIPTION REQUIREMENTS.*—Section 5112(d)(1) of title 31, United States Code, is amended—

- (1) in the 1st sentence, by inserting "shall" before "have"; and
- (2) in the 2nd and 3rd sentences, by striking "has" and inserting "shall have".

**TITLE VI—JAMES MADISON COINS**

**SEC. 601. SHORT TITLE.**

This title may be cited as the "James Madison—Bill of Rights Commemorative Coin Act".

**SEC. 602. COIN SPECIFICATIONS.**

(a) *FIVE DOLLAR GOLD COINS.*—

(1) *ISSUANCE.*—The Secretary of the Treasury (hereafter in this Act referred to as the "Secretary") shall mint and issue not more than 300,000 five dollar coins each of which shall—

- (A) weigh 8.359 grams;
- (B) have a diameter of .850 inches; and
- (C) be composed of 90 percent gold and 10 percent alloy.

(2) *DESIGN.*—The design of the five dollar coins shall be emblematic of the first ten Amendments of the Constitution of the United States, known as the Bill of Rights. The Director of the United States Mint shall sponsor a nationwide open competition for the design of the five dollar

coin beginning not later than 3 months after the date of the enactment of this Act. This Director of the United States Mint shall convene the Design Panel established under subsection (e) which shall select 10 designs to be submitted to the Secretary who shall select the final design.

(b) *ONE DOLLAR SILVER COINS.*—

(1) *ISSUANCE.*—The Secretary shall mint and issue not more than 900,000 one dollar coins each of which shall—

- (A) weigh 26.73 grams;
- (B) have a diameter of 1.5 inches; and
- (C) be composed of 90 percent silver and 10 percent copper.

(2) *DESIGN.*—The obverse design of the one dollar coins shall be emblematic of James Madison, the fourth President of the United States. The reverse design shall be emblematic of James Madison's home, Montpelier, between the years 1751 and 1836. The Director of the United States Mint shall sponsor a nationwide open competition for the design of the one dollar coin beginning not later than 3 months after the date of the enactment of this Act. The Director of the United States Mint shall convene the Design Panel established under subsection (e) which shall select 10 designs to be submitted to the Secretary who shall select the final design.

(c) *HALF DOLLAR SILVER COINS.*—

(1) *ISSUANCE.*—The Secretary shall mint and issue not more than 1,000,000 half dollar coins each of which shall—

- (A) weigh 12.50 grams;
- (B) have a diameter of 30.61 millimeters; and
- (C) be composed of 90 percent silver and 10 percent copper.

(2) *DESIGN.*—The design of the half dollar silver coins shall be emblematic of the first ten Amendments of the Constitution of the United States, known as the Bill of Rights. The Director of the United States Mint shall sponsor a nationwide open competition for the design of the half dollar coin beginning not later than 3 months after the date of the enactment of the Act. The Director of the United States Mint shall convene the Design Panel established under subsection (e) which shall select 10 designs to be submitted to the Secretary who shall select the final design.

(d) *INSCRIPTIONS.*—All coins minted and issued under this Act shall bear a designation of the value of the coin, an inscription of the year of issue and inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

(e) *DESIGN PANEL.*—The Design Panel referred to in subsections (a), (b), and (c) shall consist of the following members:

- (1) The Chairperson of the Commission of Fine Arts.
- (2) The president of the James Madison Memorial Fellowship Foundation.
- (3) The Executive Director, National Numismatic Collection, the Smithsonian Institution.
- (4) A representative member of the American Numismatic Association.
- (5) A representative member of a national sculpture society or association.
- (6) Two representatives of the United States Mint selected by the Director of the United States Mint.

The Secretary shall reimburse the members of the Design Panel for per diem expenses and other official expenses from the revenues received from the sale of the coins. The Design Panel shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.), and shall terminate following the selection process set forth in subsections (a), (b), and (c).

(f) *LEGAL TENDER.*—The coins issued under this title shall be legal tender as provided in section 5103 of title 31, United States Code.

**SEC. 603. SOURCES OF BULLION.**

(a) *GOLD.*—The Secretary shall obtain gold for minting coins under this title pursuant to the authority of the Secretary under existing law.

(b) **SILVER.**—The Secretary shall obtain silver for minting coins under this Act only from stockpiles established under the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.).

**SEC. 604. ISSUANCE OF COINS.**

(a) **FIVE DOLLAR COINS.**—The five dollar coins minted under this Act may be issued in uncirculated and proof qualities and shall be struck at the United States Mint at West Point, New York.

(b) **ONE DOLLAR COINS AND HALF DOLLAR COINS.**—The one dollar and half dollar coins minted under this Act may be issued in uncirculated and proof qualities, except that not more than one facility of the United States Mint may be used to strike any particular combination of denomination and quality.

(c) **COMMENCEMENT OF ISSUANCE.**—The coins authorized and minted under this title may be issued beginning on January 1, 1993.

(d) **TERMINATION OF AUTHORITY.**—Coins may not be minted under this title after December 31, 1993.

**SEC. 605. SALE OF COINS.**

(a) **IN GENERAL.**—Notwithstanding any other provision of law, the Secretary shall sell the coins minted under this title at a price at least equal to the face value, plus the cost of minting and issuing the coins (including labor, materials, overhead, distribution, and promotional expenses).

(b) **BULK SALES.**—The Secretary shall make any bulk sales of the coins minted under this Act at a reasonable discount.

(c) **PREPAID ORDERS.**—The Secretary shall accept prepaid orders for the coins minted under this title prior to the issuance of such coins. Sale prices with respect to such prepaid orders shall be at a reasonable discount.

(d) **SURCHARGES.**—All sales of coins minted under this Act shall include a surcharge of \$30 per coin for the five dollar coins, \$6 per coin for the one dollar coins, and \$3 per coin for the half dollar coins.

**SEC. 606. FINANCIAL ASSURANCES.**

(a) **NO NET COST TO THE GOVERNMENT.**—The Secretary shall take such actions as may be necessary to ensure that minting and issuing coins under this title will not result in any net cost to the United States Government.

(b) **PAYMENT FOR COINS.**—A coin shall not be issued under this Act unless the Secretary has received—

(1) full payment for the coin;

(2) security satisfactory to the Secretary to indemnify the United States for full payment; or

(3) a guarantee of full payment satisfactory to the Secretary from a depository institution the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration Board.

(c) **REPORTS TO CONGRESS.**—Not later than fifteen days after the last day of each month, the Secretary shall transmit to the Committee on Banking, Finance, and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report detailing activities carried out under this title during such month. The report shall include a review of all marketing activities and a financial statement which details sources of funds, surcharges generated, and expenses incurred for manufacturing, materials, overhead, packaging, marketing, and shipping. No report shall be required after January 15, 1994.

**SEC. 607. DISTRIBUTION OF SURCHARGES.**

The surcharges received by the Secretary shall be transmitted promptly to the James Madison Memorial Fellowship Trust Fund established in 1986 by the James Madison Memorial Fellowship Act (20 U.S.C. 4501 et seq.). Such transmitted amounts shall qualify under section 811(a)(2) of

that Act as funds contributed from private sources. In accordance with the purposes of the James Madison Fellowship Program, the funds transmitted to the Trust Fund shall be used to encourage teaching and graduate study of the Constitution of the United States, its roots, its formation, its principles, and its development.

**SEC. 608. AUDITS.**

The Comptroller General of the United States shall have the right to examine such books, records, documents, and other data as may be related to the expenditure of amounts transmitted under section 607 of this title. The expenditures and audit of surcharge funds deposited in the James Madison Memorial Fellowship Trust Fund under section 607 of this Act shall be done in accordance with section 812 of the James Madison Memorial Fellowship Act (20 U.S.C. 4511). Annual reports shall be submitted by the Chairman of the James Madison Memorial Fellowship Foundation to both Houses of Congress on all expenditures of surcharge funds.

**SEC. 609. GENERAL WAIVER OF PROCUREMENT REGULATIONS.**

(a) **IN GENERAL.**—Except as provided in subsection (b), no provision of law governing procurement or public contracts shall be applicable to the procurement of goods and services necessary for carrying out the provisions of this title.

(b) **EQUAL EMPLOYMENT OPPORTUNITY.**—Subsection (a) shall not relieve any person entering into a contract under the authority of this title from complying with any law relating to equal employment opportunity.

On page 15, between lines 19 and 20 of the House engrossed bill, insert the following:

**SEC. 400. SHORT TITLE.**

This title may be cited as the "Frank Annunzio Act".

And the Senate agree to the same.

ESTEBAN EDWARD TORRES,  
CARROLL HUBBARD,  
DOUG BARNARD, JR.

Managers on the Part of the House.

DON RIEGLE,  
ALAN CRANSTON,

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. 3337) to mint White House Commemorative Coins 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.

The Senate amendment added a provision to redesign the reverses of the nation's circulating coinage and a provision to mint a James Madison/Bill of Rights Commemorative coin.

The House recedes from its disagreement to the amendment of the Senate by agreeing to a Senate amendment to Title V on coin redesign agreed to in conference, and agreeing to Title VI as passed the Senate. The Senate agreed to the House amendment to Title IV to rename the title "The Frank Annunzio Act".

The differences between the House bill and the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

**TITLE V—COINS**

H.R. 3337 passed the Houses and was referred to the Senate on November 26, 1991.

H.R. 3337 was amended during floor consideration in the Senate. The Senate amendment contained a provision that would have required the Secretary of the Treasury to redesign the reverse sides of five circulating coins—the half dollar, quarter, dime, nickel and penny. The Senate amendment on coin redesign became Title V of H.R. 3337. The House and Senate conferees agreed to an amended Title V with the following changes:

Title V as reported out of conference requires the redesign of the reverse sides of two coins—the half dollar and the quarter. The designs will be phased in over a three year period and the minting of the first coin will commence one year from the date of enactment of the legislation.

Section 502, Design Changes Required for Certain Coins, includes new language that after the second permanently redesigned coin has been in circulation for at least one year then the Congress may direct the Secretary of the Treasury to reconsider the design on the coins.

A technical amendment has been added at the end of Title V to clarify existing law that no inscriptions, including "In God We Trust", can be removed from any circulating coins.

The conferees agreed to strike section 503, Design On Obverse Side of Coins, from Title V of H.R. 3337. Section 503 would have directed the Secretary of the Treasury to consider redesigning the head (obverse) side coins. Title V as amended contains no provision to redesign the obverse (head) side of coins. This section redesignates sections 504 and 505 as sections 503 and 504, respectively.

The conferees agreed to add a new section 505, Financial Assurances, to Title V that would ensure that there is no net cost to the federal government in implementing coin redesign. Both the Congressional Budget Office and the Office of Management and Budget estimate that coin redesign will produce a profit to the United States Treasury. The conferees intend that the United States Treasury implement the legislation in such a manner as to produce an overall budget savings to the federal government.

The House agreed to the Senate Amendment as amended by a three to two vote.

**TITLE VI**

H.R. 3337 was amended on the Senate floor to add Title VI, The James Madison Bill of Rights Commemorative Coins Act, which was not included in the House-passed measure. The conference report contains the Senate provision.

Objective: The Senate bill contained a provision not included in the House bill that would authorize in 1993 the minting and issuance of \$5 gold coins, \$1 silver coins, and half-dollar silver coins to commemorate James Madison and the first 10 Amendments of the Constitution, known as the Bill of Rights.

This Title authorizes the Secretary of the Treasury to mint and issue not more than 300,000 gold coins; 900,000 silver dollars; and 1,000,000 half dollars. These are the lowest mintage levels for a 3-coin commemorative program since the minting of commemorative coins was re-instated in the early 1980s.

Surcharges accrued from the sales of these coins will be transmitted to the James Madison Memorial Fellowship Trust Fund, established in 1986 by the James Madison Memorial Fellowship Act (20 U.S.C., 4501 et seq.). The Comptroller General of the United States shall have the right to examine such books and records related to the expenditure of these surcharges.

The surcharges will be used solely to fund fellowships for high-school teachers and po-

tential high-school teachers of American history and American government. This is a national program and every state benefits equally.

This Title also requires that the program operate at no net cost to the Government. It requires the chairman of the Fellowship Foundation to submit annual reports to both Houses of Congress on all expenditures of surcharge funds.

ESTEBAN EDWARD TORRES,  
CARROLL HUBBARD,  
DOUG BARNARD, Jr.,

*Managers on the Part of the House.*

DON RIEGLE,  
ALAN CRANSTON,

*Managers on the Part of the Senate.*

#### THE FEDERAL BUDGET DEFICIT: A SILENT CANCER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska [Mr. HOAGLAND] is recognized for 30 minutes.

Mr. HOAGLAND. Mr. Speaker, as Congress struggles to develop the fiscal year 1993 Federal budget, I want to take a few minutes to share some of my concerns. I am extremely alarmed at the size of the Federal budget deficit and the National debt. They both have reached all-time record highs.

Business as usual has got to stop. We must take some real steps to reduce the deficit because it is corroding our economy. It is a silent cancer eating away at our economic health.

#### THE MAGNITUDE OF THE DEBT

Appended at the end of my statement is a table from the House Budget Committee's analysis of President Bush's fiscal year 1993 budget which shows that the last time our Federal budget had a surplus was in fiscal year 1969, 24 years ago. When President Carter left office, the deficit was \$70 billion. In the 1980's, the deficit literally exploded, reaching \$221 billion in 1986.

We should stop to note that it took this Nation over 200 years to accumulate \$1 trillion of debt. In just 5 years of the 1980's, we doubled that amount. According to James E. Leberherz in the February 9, Washington Post, during the 4 years of the Bush administration, 1988 to 1992, the Federal debt will have increased by \$1.42 trillion, an average of \$355 billion per year. He says:

During President Reagan's 8 years in office (1980 to 1988), the Federal debt increased \$1.69 trillion, or an average of \$211 billion per year. This compares with the addition of \$579 billion to the Federal debt through the administrations of Johnson, Nixon, Ford, and Carter, during the years 1963-80, an average of \$35 billion per year.

And now we have before us President Bush's fourth budget, which proposes a deficit of \$399 billion in fiscal year 1992, revised upward from \$281 billion, a record high. And the figures would be higher, well over \$400 billion, without the change to accrual accounting the Office of Management and Budget has requested. The budget also projects a

deficit for the following fiscal year of \$352 billion, a figure which is no doubt low if prior experience is a guide. All this from an administration that says it is in favor of a balanced budget but has never proposed one.

These figures are simply unacceptable. Our Federal Government, Congress and the President, have failed the American people in allowing this problem to develop.

Former Council of Economic Advisors Chairman Charles Schulze said:

[W]e need to dispel the illusion that we have done enough or that the economy can grow its way out of the budget deficit. That deficit is still the nation's number one economic problem.

That was 1988. There is no doubt that the deficit is still the Nation's No. 1 economic problem and a root cause of the current recession.

#### THE ECONOMIC CONSEQUENCES OF HUGE DEBT

The most important reason to be concerned about the deficit and the national debt is the effect on the economy. The borrow-and-spend policies of the 1980's are bringing our economy to its knees. Real wages are declining. Our rate of productivity increase is declining. As a result, our standard of living is declining. Corporations and Government alike no longer save and invest. Instead they borrow and spend. We are in the middle of a long-term economic downturn caused by our collective lack of saving and investing.

These economic relationships are described extremely well in the testimony of Barry Bosworth of the Brookings Institution given in January to the Subcommittee on Economic Stabilization of the House Committee on Banking, Finance and Urban Affairs, which I have attached to my statement. I recommend Mr. Bosworth's views for your consideration. They succinctly state the case.

#### THE SHEER WEIGHT OF INTEREST PAYMENTS

Another major concern about our monstrous debt is that it has strapped us with huge interest payments. We are paying some \$208 billion in interest payments in fiscal year 1992 which is some \$2,000 per taxpayer. Interest payments in 1981 were 2.3 percent of GNP; today it is 3.5 percent. Not only are annual \$208 billion in interest payments an astounding amount of money, it is money that could be better spent elsewhere. We have so many other deficits—social deficits—that need the attention of Government. We do not have money to pay for so many of the things we really need—better schools, improved infrastructure, cancer research, energy conservation R&D, long-term care, agricultural exports, to name a few. As our esteemed colleague, Congressman LEE HAMILTON, puts it, annual payments solely for interest are "the most useless kind of Government spending."

#### THE BUDGET COMMITTEE'S DEFICIT REDUCTION PLAN

How do we reduce the deficit? I believe we must rigorously support, and work to improve, the bold and thoughtful plan developed by the Budget Committee and outlined in its December 1991 report, "Restoring America's Future: Preparing the National for the 21st Century."

We must support those leaders in Congress who are committed to solving this problem. I congratulate the Budget Committee chairman for his leadership and pledge my support for his efforts.

The dynamics are clear. Our huge borrowing and escalating debt are corroding our economy. The economists and exports—I most certainly am not one—are in major agreement as to what we need to do. Barry Bosworth states it as well as it can be stated in testimony appearing at the end of my statement today.

Robert D. Reischauer, Director of the Congressional Budget Office, presented compelling testimony to the House Government Operations Committee during hearings on eliminating the barriers between the three categories of spending that are now in law. He testified that real private and public savings as a share of GNP averaged 7.3 percent from 1952 through 1979, but fell to 2.9 percent in 1980 through 1990. He cited a Federal Reserve Bank of New York study that found that the decline in saving during the 1980's reduced the productive capacity of our economy by 5 percent. He pointed out that if we do not improve our savings rate, the loss in potential GNP will grow to 10 percent by the end of the decade.

Further, I have introduced and hope Congress will consider H.R. 4060, a bill which would require the President to transmit to Congress, the budget committees to report, and the Congress to consider, a balanced budget each fiscal year. This bill attempts to put some discipline back into the process and to put the responsibility where it belongs, both with the President and with the Congress. It sounds so simple and yet, neither the President nor the Congress are producing balanced budgets.

But we know procedural solutions alone will not solve the problem. What we need most of all is the political will to implement unpopular solutions.

#### WHAT HAS BECOME OF THE AMERICAN SPIRIT?

This brings me to my final question: What has become of the American spirit?

What has made America great and strong has been a willingness of our people to sacrifice for the future and to invest in the future.

We have always been frugal. We have always invested in our economy and in our children. Where have we gone wrong? Where is that old American spirit?

We no longer save and invest. Instead we borrow and spend. The prescription

is clear: We must shift our economy from one dependent on borrowing and spending to one driven by investment and exports. To do that, we must declare war on the Federal deficit and the national debt—now.

To find the spirit for this effort, we need not look forward to some magic solution. We need to simply look back to the old-time American values.

In "A Nation's Strengths," Ralph Waldo Emerson wrote:

Not gold, but only man can make  
a people great and strong;  
Men who, for truth and honor's sake  
stand fast and suffer long.  
Brave men who work while others sleep,  
who dare while others fly,  
They build a nation's pillars deep  
and lift them to the sky.

Tax and spending policies enacted by the Congress over the last two decades simply do not reflect that spirit of America, which has always been ours. We need simply reclaim it.

STATEMENT OF BARRY P. BOSWORTH, THE BROOKINGS INSTITUTION BEFORE THE SUBCOMMITTEE ON ECONOMIC STABILIZATION OF THE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS, JANUARY 28, 1992

Thank you for the opportunity to discuss some aspects of the current economic situation with the members of this committee. Clearly, the economic recovery that began in the Spring and seemed underway during the summer months has stalled out. Most economic forecasts now point to the Spring of 1992 as the earliest time at which we can expect any significant expansion of the economy. Even then the recovery will be unusually weak with the unemployment rate projected to remain above 7 percent throughout 1992. While I recognize that this is an election year and that there are strong pressures to find a quick fix before November, the current emphasis on short-term fiscal measures to stimulate consumer spending reflects a serious misdiagnosis of the country's economic problems. The business cycle recession is actually quite mild by historical standards and is best dealt with by relying on monetary policy to engineer a recovery. It is too late for fiscal policy to play a positive role in the short-term recovery, and it has become too immersed in ideological conflicts to be an effective stabilization tool. Temporary tax cuts are too likely to become permanent, worsening the structural imbalances in the U.S. economy. Instead, it is vital that the Congress and the President adopt a perspective that extends beyond the election and address the long-term fundamental problems of the economy.

The economic difficulties that the United States faces today are not new, they have little to do with a minor business cycle, they will not be solved by a tax cut, and they will not go away after the election. They include: (1) stagnant levels of real wages and family incomes, (2) a growing inequality of incomes, (3) excessively high levels of corporate and household debt, (4) a severely weakened financial system, (5) extremely low rates of national saving and capital formation, and (6) a government budget deficit that continues to spiral upward. None of these problems should come as a surprise to Americans or their elected representatives, and they are mistaken if they believe that they can be solved with another tax cut and more consumption. The evidence of decay has been

around for many years, but the preferred response was to ignore it and any solution that hinted at the need for current sacrifice. After a decade or more in which Americans have been unwilling to invest in the future, they should not be surprised that the future looks a little grim.

The secular deterioration of the American economy is most evident in two key areas. First, the real income of the average American worker has been basically stagnant since the early 1970s. The fundamental reason is the collapse of productivity growth. As shown in Figure 2, output per labor hour grew by only 0.5-1.0 percent annually since 1973, compared to 2-2.5 percent annually in prior decades. That growth has barely been adequate to match the increased cost of health and other fringe benefit programs with the result that wage incomes have remained unchanged. The impact of slow wage growth on family incomes was offset for a time by the trend toward an increased number of workers per family. That option will largely vanish in the 1990s, as the two-earner family is now the norm, and female labor force participation rates are very similar to those of males.

The second problem is that wage incomes have become far more unequal. Workers in the top portion of the income distribution have continued to achieve real wage gains equal to or in excess of those of prior decades while wage rates have declined dramatically at the lower end of the wage distribution. I would not identify this with any concept of a hollowing out of the middle class because it is a relatively uniform pattern throughout the income distribution. The trend has been exacerbated for family incomes for several reasons. First, there appears to be an increasing tendency for likes to marry likes, men at the top of the wage distribution marry women at the top. Second, a growing proportion of families with children have a single parent. In 1990 24 percent of all families with children had a single parent compared with 11 percent in 1970. Finally, public policy has done less than in prior decades to offset income inequality through tax and transfer programs.

In trying to reverse the secular deterioration of the American economy let me say a few words about the things I believe we should avoid. First, current efforts to blame foreigners for our problems, while politically popular, are basically absurd. The problems that we have are the result of our own actions and will not be solved by pointing the finger at other countries. There are problems in the international economy, but 90 percent of the goods that Americans consume are produced by Americans and the living standards of Americans will be determined overwhelmingly by progress in improving productivity in the domestic economy. In fact, if anything we should use economic conditions in other countries as an example of how we could do better. Years ago we use to encourage other countries to become more like us. Today, they look at our economic and social problems and say no thanks.

Second, we should avoid a view of the situation as a crisis where the consequence of inaction is a near-term economic collapse. Without action the future of the U.S. economy is one of gradual economic decline relative to the performance of other economies and particularly relative to its own potential; but an emphasis on crisis can lead to ill-conceived policies which in the search for a quick fix actually make the situation worse. Having neglected evident signs of economic decay for nearly two decades, we must recog-

nize that the benefits of corrective policies will take many years to become apparent.

Third, we need to understand the extent to which changes in the global system will require fundamental changes in the way we address economic policy options. The end of the cold war provides us with new opportunities but also problems. An appropriate analogy might be that the Soviet Union has collapsed, but the fight has also left us reeling against the ropes. We will be able to free up a large amount of resources that were previously devoted to national defense, but there is also a huge backlog of economic and social problems that we ignored for too long and will be very costly to fix. In addition, the restructuring of the defense sectors will itself be a painful process for many of the workers and communities most affected. In the world economy we have fallen from a position of dominance to one that is optimistically characterized as first among equals. We are still important to the rest of the world, but mainly as a market in which to sell good. We offer little in the way of products or services that cannot be obtained cheaper or with higher quality elsewhere. In other words, Americans face a far more competitive economic environment. In addition, with the emergence of a global capital market many of the benefits of Keynesian-style fiscal stimulus flow abroad, and there is a weakening link between increases in domestic saving and investment in domestic industries. Saving is important because it determines the future wealth of Americans; but, if we want investment to take place in America, we will have to offer something that is attractive to capital in terms of a well-trained workforce and an efficient economic infrastructure. Economic policies will have to be formulated with greater attention to competitive factors and a longer time horizon than the next election.

The most fundamental problem that we need to address is the decline in productivity growth. While changes in annual growth rates of 1-2 percent may seem small to most people, the cumulative effect of the slowdown, extending over the past 18 years, has cost the average American worker 30 percent of wage income. As we look ahead to the 1990s there is little reason to anticipate that productivity growth will improve on its own. Furthermore, much lower rates of labor force growth, in combination with the continued small increases in output per worker, will translate into smaller increases in aggregate GDP. The potential long-term growth rate of the economy has fallen to only 2-2.5 percent annually.

Although economists still differ on a full explanation of the decline in productivity growth since 1973, we do agree on the three basic determinants of high and rising living standards. They are: (1) the need for a large amount of modern capital per worker; (2) an emphasis on the creation and rapid introduction of new technologies, both in the form of new products and more efficient processes for producing existing products; and (3) a well-trained workforce. Improvements in these three areas account for an overwhelming portion of the growth of living standards. In contrast, issues like industrial and trade policy pale to insignificance. Yet, in all three of these dimensions I believe that the U.S. performs less well than it did in the past and less well than many other countries with whom we now compete in a global economic system.

Saving and Capital Formation. The first step to increasing the nation's rate of capital formation is to raise the national rate of

saving. We need to recognize that Americans have been on a consumption binge throughout the 1980s, living way beyond their means. Today, Americans save less than 3 percent of the national income (Table 1). In addition, during the 1980s we borrowed from foreigners, or financed through the sale of assets, a cumulative total of \$1 trillion dollars, equivalent to about 6 percent of national wealth. We have become the world's largest debtor nation. Should Americans really be surprised that they have problems competing with countries that save and invest 10-15 percent of their income?

The decline in saving is evident in both the private and the public sector. Private rates of saving have fallen by about 3 percent of national income, and increased public dissaving, the budget deficit, accounts for another 3 percent (See Table 1). Approximately two-thirds of private saving must be used to cover the deficit of the federal government, leaving very little for private capital formation. Within the private sector the decline occurred both in the corporate sector where businesses now pay out nearly all of their profits in the form of interest on debt and dividends, and within the household sector. Government policy has contributed to this problem by encouraging an excessive reliance on debt within the business sector; and, although they attract less attention, through policies to discourage the funding of broad-based employee retirement plans.

In this context, I find the current discussion of tax incentives to promote consumption symptomatic of the longer term economic problem. If there is one thing the American economy does not need it is more consumption, and one thing Americans don't deserve is a reduction in their taxes. For over a decade Americans have been consuming too much. National saving has plummeted and what little net investment takes place is heavily financed by borrowing from abroad. At the same time, the public sector deficit has ballooned as voters are unwilling to accept cuts in programs that benefit them or pay for them. The universal solution to the budget deficit is to cut someone else's program. While I understand the political popularity of a tax cut to promote consumption, it certainly seems absurd from an economic perspective. I recognize that the process of scaling back consumption to a level that the nation can afford on a long-term basis will be very painful, but the longer we delay the greater the future reductions.

The measures that government can undertake to encourage private saving are limited. In particular, I believe that various tax gimmicks that promise to increase private saving through painless tax cuts will fail. We have had several decades in which to observe that taxes have large effects on the composition of individuals' saving—where the invest it—without leading to significant effects on the total. Investment Retirement Accounts, for example, lead savers to shift their funds from taxable to nontaxable accounts but the net gain in national saving is very small. I interpret proposals to provide tax reductions for private saving as yet another example of the problem. We are still looking for painless answers—give me a tax cut and I will do good things with it.

In any case, I see no reason for government to seek to increase private saving at the cost of an increase in its own dissaving—further tax cuts which will have to be financed by more borrowing. Higher private saving, offset by larger budget deficit, offer no benefit to the country as a whole. While reductions in the budget deficit may seem like an old

prescription and politically unattractive, the truth is that they are the only sure means of increasing national saving.

With respect to the budget deficit, I hope that the recently released CBO projections of the budget deficit will convince the Congress that the 1990 budget agreement was a meaningless piece of political gamesmanship and that the budget deficit will not cure itself. The basic problem is that growth built into existing programs requires an expansion of the economy and tax revenue, adjusted for inflation, of nearly 2.5 percent annually. Since the potential growth of the economy has declined to 2 to 2.5 percent, there is no growth dividend with which to finance new programs or reduce the deficit.

At the same time the notion that spending is out of control is also largely a myth. The term "entitlements" is basically a code word for social security, yet the social security program is temporarily generating a large surplus (Figure 5). It will also grow very slowly for several decades until the "baby-boom" generation begins to retire. The deficit is concentrated in the unified budget which excludes social security; and within that budget the growth of spending is concentrated in two programs, health care and interest on the public debt. The growth in medicare and medicaid costs is not a problem unique to government: the same phenomenon plagues private health insurance programs. And the explosion of interest payments can be traced directly to the failure to pay for past and current expenditures. In fact, increased interest payments account for nearly all of the growth in the budget deficit during the 1980s. The funds being spent on federal programs are actually a declining share of national income (Figure 7). Furthermore, many of the reductions of public spending have been concentrated in the investment accounts. When we speak of the importance of capital for raising productivity much of that involves the public infrastructure. The public sector is one area in which the United States has been investing too little, and the deterioration in the public infrastructure seems obvious.

Similarly, we are continuously bombarded with the notion that taxes have been rising rapidly. Yet, the national accounts tell quite a different story. Effective rates of taxation, combining those of federal, state and local governments, have been basically constant over the last two decades, and excluding social security the average rate has actually drifted down (See Figures 8 and 9). American families may be feeling pinched financially, but the reasons is a failure of their incomes to rise before taxes, not a rising tax burden. The Congress may be tempted to provide tax cuts as an offset to the stagnation of before-tax incomes; but if it does so, the decline in national savings, and productivity growth will simply accelerate.

I believe that the budget deficit can be eliminated only through a major increase in taxes. A continued focus on expenditure reductions alone or the elimination of waste has become an excuse for doing nothing. With respect to tax increases the major lesson from the economic research is the importance of emphasizing reliance on the broadest possible tax base with the lowest possible rates. For this reason the United States should follow other countries in introducing a value-added or consumption tax. A 5-percent value-added tax would raise \$100-150 billion annually depending on precisely what consumption expenditures were covered. In addition, I believe there are very strong economic arguments for imposing an energy

consumption tax equivalent to about 50 cents on a gallon of gasoline. Phasing in these measures over 5 year period, together with feasible reductions in expenditures would basically eliminate the budget deficit.

A reduction in the budget deficit would benefit the economy directly in two ways. The removal of the government as a major claimant on funds in capital markets would free up resources for capital formation. In addition, lower interest rates would reduce foreign financial investments in the United States and result in a significant decline in the value of the dollar. At a lower exchange rate American industry would be far more competitive in world markets and the trade deficit would disappear. The major beneficiaries would be workers in the manufacturing sector, precisely the area where the employment problems seem most severe.

However, with the emergence of global capital markets we can not be sure that an increase in national saving is sufficient to lead to a matching increase in capital investment in the U.S. economy. I believe that we may have to consider additional measures to increase the attractiveness of domestic investment. One unfortunate result of the 1986 tax reform was that it shifted the tax on capital from the capital income earned by Americans to the income from capital employed in the United States, penalizing domestic investment. Rather than repeating the mistakes of past tax incentives that resulted in serious distortions of investment, I would prefer more fundamental reforms of capital income taxation that built on the base of the 1986 act. In this respect the indexing of capital income to exclude the effects of inflation is preferable to capital gains preferences. In addition, we could expand investment incentives and eliminate the excessive emphasis on debt financing of American corporations by converting the corporate income tax to a tax on cash flows. This involves allowing businesses to deduct all investment outlays in the year they are made and eliminating the deductibility of interest payments on debt. One by-product of this reform would be to drastically reduce the attraction of corporate buy-outs.

Research and Development. Economic studies consistently find an extraordinarily high return on investments in R&D, ranging between 15 and 25 percent. It is something that the United States is very good at. It is also an activity in which the private sector is likely to under-invest because of the risks and an inability to prevent nonparticipants from benefiting. Thus, there is a strong argument for public financial support—particularly, in the case of basic research where the externalities are likely to be very large. In the past much of the public funding of R&D was funneled through the defense budget. While there were some obvious spillovers to the civilian sector, the increasingly specialized nature of defense procurement reduced the value of the research to the general economy. On the other hand, Americans probably would have been unwilling to finance the investments without a defense label. In any case, this type of activity will decline with the general reduction in defense spending. Outside of defense, the United States ranks below Germany and Japan in R&D spending despite our emphasis on high technology.

In general, private outlays on R&D are exempt from taxation, but in the past we have gone so far as to provide an additional tax credit. Such tax measures are fairly effective for promoting private development and commercialization of new technologies, but are less effective for basic research. It is also dif-

flout to define R&D activities in the tax code in such a way that business will not distort the basic intent. I believe there is still a strong rationale for direct public support of research activities that can be monitored by peer review processes. With the decline in Defense Department funding, the Congress should consider substantial increases in the funding of the National Science Foundation.

Education and Job Training. A major reason for the historically high living standards of American workers was that they were better educated than workers in other countries. That is far less true today. While the educational systems of other countries have improved, there is growing evidence that the American system has actually deteriorated over time, at least at the primary and secondary level. In any case, it is not enough to do as well as in the past. In a global economic system an American worker can expect to be paid no more than a worker of equivalent skills in other countries, and there is no longer a shortage of workers with the equivalent of an American high school education. This issue has nothing to do with immigration because if the workers don't come here, the capital and technology can still go to them.

Educational attainment is also a major factor accounting for the growing disparity of wage rates in the United States. The premium paid to workers with a college education is rising, while it is increasingly difficult to find employment for workers who cannot read or write. Most of the increased wage dispersion cannot be explained by changes in industrial structure because it is just as evident within industries as among industries. At all levels industry requires a more skilled workforce; and, as long as such workers remain scarce, their wages and job opportunities will expand relative to the less-skilled. I admit that there has also been a widening of wage rates for workers of equal educational attainment that we do not fully understand. Apparently employers have chosen to discriminate more sharply in the wages they offer to their best workers even among those of equal educational attainment. Still, I think that differences in job skills is the major factor behind the growing inequality of wages.

The United States can respond to this situation in one of two ways. We could attempt to stimulate the demand for workers with limited skills by protecting our older industries, or we can attempt to upgrade the skill level of the workforce. I believe that the first option is a losing proposition and that by attempting to slow down the restructuring of American industry we limit the potential for future growth in living standards. American workers are not threatened by cheap foreign labor. They are losing out in competition with workers in other advanced industrial countries who are actually paid as much or more than they.

Instead, we must find the means to accelerate the process of improving education and job training. While I fully agree that money alone will not solve this problem, Americans must recognize that upgrading of the education system will be costly. The higher education system is the envy of the rest of the world; but one reason is that it is extremely well financed. Primary and secondary education would perform much better if it had the kind of resources devoted to the college and university system.

Furthermore, even if a means of improving the educational system could be imple-

mented, it would have no significant impact on the workforce for another twenty years. Thus, the United States has no choice but to expand its efforts to retrain the least-skilled of the existing workforce. Yet, over the last two decades we have essentially eliminated these programs. We devote a far smaller share of our public funds to job training than is common practice in other countries. One additional suggestion that might be explored would be to impose a general employment tax of 2 or 3 percent of wages and rebate it back to those employers who provide job retraining programs.

Finally, there is some emerging research suggesting that a significant part of America's problem with productivity growth and competitiveness is due to the failure of its managers. Productivity growth may have slowed down because too many American businessmen have ignored the production process and focused their attention on financial restructuring and marketing as the keys to success. Foreign automotive firms, for example, have been very successful using American workers and it would appear that management may be the distinguishing feature of the competitive outcome in that market. American firms are often criticized for an excessive focus on short-term benefits to stockholders and for ignoring longer-term factors, such as quality and relationships with their workers and customers. In reviewing the research on the internal structure of Japanese corporations, I believe that they may have a better idea. American workers would benefit from policies that seek to encourage foreign firms to locate in the United States. For example, Americans who work for Honda probably face a better job future than those who work for Chrysler or General Motors.

Let me conclude by simply restating my belief that the U.S. economy has been suffering from a secular deterioration of its performance relative to which the current recession is a minor problem. I also believe that most of this decline can be attributed to a failure to invest adequately in three key areas of physical capital, research and development programs, and the educational quality of our population. The solution to this problem is relatively simple, but it does involve some actions that are thus far unacceptable to the American public or their elected officials. Americans will have to make some sacrifices in terms of reduced consumption and they will have to pay more taxes.

TABLE 1.—NET SAVING AND INVESTMENT AS A SHARE OF NET NATIONAL PRODUCT, 1951-90

Item	Percent of net national product					
	1951-60	1961-70	1971-80	1981-85	1986-90	1990
<b>NET SAVING<sup>1</sup></b>						
Private saving <sup>2</sup> .....	8.6	9.7	9.9	9.5	7.1	6.5
Government saving .....	-7	-9	-2.0	-4.6	-4.0	-4.1
<b>TOTAL NATIONAL</b>						
Saving-Investment .....	8.0	8.6	8.2	4.9	2.9	2.5
Net domestic investment .....	7.7	8.0	7.9	6.2	5.6	4.2
Net foreign investment .....	.3	.7	.3	-1.4	-2.8	-1.7
<b>ADDENDA</b>						
Capital consumption allowances <sup>3</sup> .....	9.0	8.4	10.0	11.8	11.0	10.8
Personal saving rate <sup>4</sup> .....	7.2	6.9	7.8	7.8	4.8	5.1

<sup>1</sup> Net saving and investment equal the gross flow minus capital consumption allowances. Net national product equals gross national product minus capital consumption allowances. The sum of the savings components differs from the total by the amount of the statistical discrepancy.

<sup>2</sup> Business and Household Saving. Employee pension funds of State and local governments are allocated to household saving to match the treatment of private pension funds.

<sup>3</sup> Percent of gross national product.

<sup>4</sup> Percent of disposable income.

Source: U.S. Department of Commerce, "Bureau of Economic Analysis, U.S. national income and product accounts."

#### 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. THOMAS of Wyoming) to revise and extend their remarks and include extraneous material:)

Mr. RITTER, for 5 minutes, on March 17.

Mr. MILLER of Washington, for 60 minutes, on March 18.

Mr. RIGGS, for 60 minutes each day, on March 18, 19, and 20.

Ms. MOLINARI, for 60 minutes, on March 19.

Mr. THOMAS of Wyoming, for 5 minutes, today.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. EDWARDS of California, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mrs. LOWEY of New York, for 5 minutes, today.

Mr. HOAGLAND, for 30 minutes, today.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. THOMAS of Wyoming) and to include extraneous matter:)

Mrs. MORELLA.

Mr. VANDER JAGT.

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. HOYER.

Mr. LIPINSKI.

Mr. TRAFICANT in four instances.

Mr. MANTON.

Mr. FALOMAVAEGA.

#### ADJOURNMENT

Mr. HOAGLAND. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 26 minutes p.m.), the House adjourned until tomorrow, Tuesday, March 17, 1992, at 12 noon.

EXPENDITURE REPORTS  
CONCERNING OFFICIAL FOREIGN  
TRAVEL

the foreign currencies used by them for official foreign travel during the fourth quarter of 1991, and various amendments to the third and fourth quarter 1991 consolidated report of travel au-

thorized by the Speaker of the U.S. House of Representatives, pursuant to Public Law 95-354, are as follows:

Report of a committee of the U.S. House of Representatives concerning

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON ENERGY AND COMMERCE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN OCT. 1 AND DEC. 31, 1991

Name of Member or employee	Date		Country	Per diem <sup>1</sup>		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>
David Finnegan	12/15	12/21	Switzerland		1,326.00		3,275.70				4,601.70
Janina Jaruzelski	12/15	12/20	Switzerland		1,105.00		2,548.00				3,653.00
Jessica Lavery	12/16	12/20	Switzerland		884.00		2,551.90				3,435.90
John Shelk	12/15	12/21	Switzerland		1,326.00		2,548.00				3,874.00
John Orlando	11/2	11/7	France		1,012.00		3,217.80				4,229.80
Scott Cooper	11/2	11/8	France		1,265.00		3,217.80				4,482.80
Douglas Bennett	11/2	11/8	France		1,265.00		3,217.80				4,482.80
Stephen F. Sims	11/15	11/20	Hong Kong		1,260.00						1,260.00
	11/20	11/20	Indonesia		458.00						458.00
	11/22	11/23	Singapore				3,371.00				3,371.00
John Shelk	11/15	11/20	Hong Kong		1,260.00						1,260.00
	11/20	11/22	Indonesia		458.00						458.00
	11/22	11/23	Singapore				3,371.00				3,371.00
Alan Roth	9/28	9/30	Poland		950.00						950.00
	9/30	10/3	U.S.S.R.				3,292.20				3,292.20
David Keaney	12/8	12/13	Bulgaria		908.00		3,657.50		227.00		4,792.50
Hon. Henry Waxman			Israel		440.00		4,155.00				4,595.00
Committee total					13,917.00		38,423.70		227.00		52,567.70

<sup>1</sup> Per diem constitutes lodging and meals.

<sup>2</sup> If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JOHN D. DINGELL, Chairman.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO JORDAN, SYRIA, EGYPT, ISRAEL, MALAYSIA, AND HONG KONG, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN AUG. 6 AND SEPT. 2, 1991

Name of Member or employee	Date		Country	Per diem <sup>1</sup>		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>
Hon. Jim McDermott	8/6	8/11	Jordan		744.00		3,187.00				3,931.00
	8/11	8/12	Syria		202.00						202.00
	8/12	8/13	Jordan		186.00						186.00
	8/14	8/16	Iraq								
	8/16	8/18	Jordan		372.00						372.00
	8/18	8/20	Egypt		329.34						329.34
	8/20	8/21	Jordan								
	8/21	8/24	Israel		660.00						660.00
	8/24	8/24	Germany				7,793.00				7,793.00
	8/25	9/1	Malaysia								
	9/2		Germany								
Charles M. Williams	8/6	8/11	Jordan		744.00		3,318.00				4,062.00
	8/11	8/12	Syria		202.00						202.00
	8/12	8/13	Jordan		186.00						186.00
	8/14	8/16	Iraq								
	8/16	8/18	Jordan		465.00						465.00
	8/18	8/20	Egypt		329.34						329.34
	8/20	8/21	Jordan								
	8/21	8/24	Israel		660.00						660.00
	8/24	8/24	Germany				5,930.00				5,930.00
	8/25	8/27	Malaysia								
	8/27	8/29	Hong Kong								
Committee total					5,079.68		20,228.00				25,307.68

<sup>1</sup> Per diem constitutes lodging and meals.

<sup>2</sup> If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JIM McDERMOTT, Feb. 28, 1992.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO JAPAN, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN DEC. 6 AND DEC. 11, 1991

Name of Member or employee	Date		Country	Per diem <sup>1</sup>		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>	Foreign currency	U.S. dollar equivalent or U.S. currency <sup>2</sup>
Hon. Jim McDermott	12/6	12/9	Japan		900.00		4,405.00				5,305.00
	12/10	12/11	Australia		50.00						50.00
Werner Brandt	12/7	12/10	Japan		900.00		5,846.00				6,746.00
Committee total					1,850.00		10,251.00				12,101.00

<sup>1</sup> Per diem constitutes lodging and meals.

<sup>2</sup> If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JIM McDERMOTT, Feb. 28, 1992.

EXECUTIVE COMMUNICATIONS,  
ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3092. A letter from the Assistant Secretary for Financial Management, Department of the Army, transmitting a report on the value of property, supplies, and commodities provided by the Berlin magistrate for the quarter October 1, 1991 through December 31, 1991, pursuant to Public Law 101-165, section 9008 (103 Stat. 1130); to the Committee on Appropriations.

3093. A letter from the Secretary of Education, transmitting Final Regulations—Library Services and Construction Act State-Administered Program, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3094. A letter from the Secretary of Education, transmitting Final Regulations—Javits Gifted and Talented Students Education Grant Program, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3095. A letter from the Secretary of Education, transmitting Final Regulations—Training Program for Special Programs Staff and Leadership Personnel; Talent Search, Educational Opportunity Centers, Upward Bound, and Student Support Services Programs; and Student Assistance General Provisions, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

3096. A letter from the Secretary of Energy, transmitting the Department's 15th report, "Comprehensive Program and Plan for Federal Energy Education, Extension and Information Activities," pursuant to 42 U.S.C. 7373(2); to the Committee on Energy and Commerce.

3097. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

3098. A letter from the Deputy Assistant Secretary for Foreign Buildings, Department of State, transmitting notification of the award of a minority contract pursuant to section 8(a) of the Small Business Act; to the Committee on Foreign Affairs.

3099. A letter from the President, Overseas Private Investment Corporation, transmitting the annual report of the Corporation's activities and operations during fiscal year 1991, pursuant to 22 U.S.C. 2200 and 2197(c)(2); to the Committee on Foreign Affairs.

3100. A letter from the Assistant Administrator for Legislative Affairs, U.S. Agency for International Development, transmitting a summary of two activities proposed for funding in Peru during fiscal year 1992 by AID's Latin America and Caribbean Bureau, pursuant to 22 U.S.C. 2151u(e); to the Committee on Foreign Affairs.

3101. A letter from the Director of Operations and Finance, American Battle Monuments Commission, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3102. A letter from the Director, Office of Personnel Management, transmitting a report of activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3103. A letter from the Assistant Secretary of the Interior for Indian Affairs, transmitting materials on behalf of the Citizens Bank of Potawatomi Indians of Oklahoma, pursuant to 25 U.S.C. 1402(a) 1404; to the Committee on Interior and Insular Affairs.

3104. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a letter from the Chief of Engineers, Department of the Army, dated September 7, 1983, and a supplement letter dated September 23, 1985, submitting a report together with accompanying papers and illustrations (H. Doc. No. 102-203); to the Committee of Public Works and Transportation and ordered to be printed.

3105. A letter from the Assistant Secretary for Conservation and Renewable Energy, Department of Energy, transmitting notification that the report for the Electric and Hybrid Vehicles Program for fiscal year 1991 will be submitted in April, pursuant to 15 U.S.C. 2506(b)(4); to the Committee on Science, Space, and Technology.

3106. A letter from the Director, Office of Management and Budget, transmitting the 13th report on U.S. costs in the Persian Gulf conflict and foreign contributions to offset such costs, pursuant to Public law 102-25, section 401 (105 Stat. 99); jointly, to the Committee on Foreign Affairs and Armed Services.

## 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. TORRES: Committee of Conference. Conference report on H.R. 3337 (Rept. 102-454). Ordered to be printed.

Mr. DINGELL: Committee on Energy and Commerce. Report on the Activity of the Committee on Energy and Commerce for the 102d Congress, 1st session (Rept. 102-455). Referred to the Committee of the Whole House on the State of the Union.

## 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. FORD of Michigan (for himself, Mr. GOODLING, Mr. GAYDOS, Mr. COLEMAN of Missouri, Mr. CLAY, Mr. PETRI, Mr. MILLER of California, Mr. GUNDERSON, Mr. MURPHY, Mr. BARRETT, Mr. KILDEE, Mr. MARTINEZ, Mr. PERKINS, Mr. SAWYER, Mr. PAYNE of New Jersey, Mrs. LOWEY of New York, Mrs. UNSOELD, Mrs. MINK, Mr. ANDREWS of New Jersey, Mr. JEFFERSON, Mr. REED, Mr. OLVER, and Mr. DE LUGO):

H.R. 4471. A bill to amend and extend the Higher Education Act of 1965; to the Committee on Education and Labor.

By Mr. CAMPBELL of California:  
H.R. 4472. A bill to amend the Public Health Service Act to facilitate the entering into of cooperative agreements between hospitals for the purpose of enabling such hospitals to share expensive medical or high technology equipment or services, and for other purposes; to the Committee on Energy and Commerce.

By Mr. KOSTMAYER (for himself, Mr. MURTHA, and Ms. HORN):

H.R. 4473. A bill to amend the Agricultural Trade Act of 1978 to make modifications in the Market Promotion Program; to the Committee on Agriculture.

By Mr. RICHARDSON (for himself and Mr. SYNAR):

H.R. 4474. A bill to provide for the energy efficiency of Federal buildings through energy performance contracts and for other purposes; to the Committee on Energy and Commerce.

By Mr. WOLF:

H.R. 4475. A bill to increase the penalties applicable for transporting or importing goods made by convicts or prisoners, and for failure to mark packages of goods made by convicts or prisoners, and for other purposes; to the Committee on the Judiciary.

By Mr. SOLOMON (for himself and Mr. RICHARDSON):

H. Con. Res. 294. Concurrent resolution relative to the role of the North Atlantic Treaty Organization; to the Committee on Foreign Affairs.

## MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

344. By the SPEAKER: Memorial of the General Assembly of the State of Illinois, relative to Federal Government revenue sharing programs; to the Committee on Government Operations.

345. Also, memorial of the Senate of the State of Alaska, relative to the restoration and augmentation of Federal funding for the Alaska Volcano Observatory; to the Committee on Interior and Insular Affairs.

## ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 127: Ms. OAKAR, Mr. FEIGHAN, Mr. ALLEN, Mr. TAYLOR of North Carolina, and Mr. HOBSON.

H.R. 1206: Mr. SKEEN and Mr. RICHARDSON.  
H.R. 1306: Mr. RICHARDSON.

H.R. 1310: Mrs. JOHNSON of Connecticut.

H.R. 1312: Mr. CAMPBELL of California.

H.R. 1726: Mr. JACOBS.

H.R. 2089: Mrs. SCHROEDER.

H.R. 2385: Mr. PASTOR and Mr. MYERS of Indiana.

H.R. 2580: Mr. BERMAN, Mr. LANTOS, and Mr. KOSTMAYER.

H.R. 2884: Mr. SOLOMON.

H.R. 3026: Mr. CRANE.

H.R. 3138: Mr. MACHTLEY.

H.R. 3281: Mr. SANTORUM.

H.R. 3405: Mr. MACHTLEY.

H.R. 3472: Mr. JONTZ.

H.R. 3810: Mr. MATSUI and Mr. FROST.

H.R. 4061: Mr. MURTHA and Mr. HUGHES.

H.R. 4083: Ms. HORN, Mr. TRAXLER, Mr. STALLINGS, Mr. MACHTLEY, and Mr. LARROCCO.

H.R. 4206: Mr. JOHNSTON of Florida, Mr. VENTO, and Mr. JONTZ.

H.R. 4212: Mr. FROST and Mr. BUSTAMANTE.

H.R. 4214: Mr. WHEAT and Mr. MURPHY.

H.J. Res. 430: Mr. LENT, Mr. NATCHER, Mr. VANDER JAGT, Mr. FROST, Mr. CAMP, Ms. OAKAR, Mr. HUGHES, Mr. BONIOR, Mr. HARRIS, Mr. SABO, Mr. HERTEL, Mr. HUBBARD, Mrs. UNSOELD, Mr. SKEEN, and Mr. WOLPE.

H. Res. 350: Mr. MARTINEZ, Mr. OWENS of New York, Mr. ANDREWS of Maine, Mr. BLACKWELL, Mr. ANDREWS of New Jersey, Mr. SWETT, and Mr. PERKINS.

