

**SENATE—Monday, July 18, 1994***(Legislative day of Monday, July 11, 1994)*

The Senate met at 1:30 p.m., on the expiration of the recess, and was called to order by the Honorable DAVID PRYOR, a Senator from the State of Arkansas.

**PRAYER**

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

*\*\*\* Father of lights, with whom is no variableness, neither shadow of turning.—James 1:17.*

Let Your light shine on the Senate in these difficult, stressful hours.

Illuminate the shadows and the darkness of compounding complications.

Enable the leaders and Members to find their way out of blind alleys, blocked intersections, dead ends, and detours which go nowhere. When courage fails, resolution fades and intransigence builds, protect against little victories in which nobody wins and big defeats in which everybody loses.

Sovereign Lord, make Your presence felt, and grant to the Senators hearts and minds receptive to Your will and way.

In His name who is the light of the world. Amen.

**APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE**

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The assistant legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, July 18, 1994.

To the Senate:

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

ROBERT C. BYRD,  
President pro tempore.

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

**RESERVATION OF LEADER TIME**

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

**MORNING BUSINESS**

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction

of morning business not to extend beyond the hour of 2 p.m., with Senators permitted to speak therein for not to exceed 5 minutes.

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

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

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

**RECOGNITION OF THE REPUBLICAN LEADER**

Mr. DOLE. Was leaders' time reserved?

The PRESIDING OFFICER. The Senator's time was reserved.

The Republican leader is recognized.

**WITH GRATITUDE TO CHRIS RAHIMIAN**

Mr. DOLE. Mr. President, during a recent unexpected series of events, Chris Rahimian, a 16-year-old resident of Overland Park, KS, became a true hero by demonstrating uncommon generosity which gained the respect of the entire community.

With a great deal of admiration, I join his supporters from Kansas and throughout the Midwest in saluting this young man.

Chris attended a used car auction sponsored by the American Cancer Society with the intention of using the \$1,500 which he had saved by doing yard work to buy a car. It happened that the wheelchair accessible van used by his late father had also been donated for the auction. John Rahimian had relied upon that van prior to his death on May 23 of amyotrophic lateral sclerosis.

Bidding for the van began at \$2,000, the maximum that Mary Hendricks, who also has ALS, could afford to spend.

Chris saw Mary break into tears of frustration as the bids went up. He quickly realized that he could not allow a \$2,700 bidder who planned to do hauling and repair work take the van away from Mary.

In a flash, Chris shouted the winning bid of \$3,700.

Amid tears of joy, Chris gave the vehicle to Mary Hendricks after his mother, Bonnie, paid the \$2,200 difference. Chris explained,

*\*\*\* They were taking something away that was valuable to us. My dad meant more to me than something you could just haul around wood with. That van gave him life, and without that van he wouldn't have gone anywhere.*

Chris' kindness is setting off an outpouring of generosity from citizens who have been deeply touched.

An anonymous gentleman set up a trust fund for Chris at a local bank, donating the first \$100 toward a car. An area automobile dealer agreed to credit Chris for \$1,500 toward purchase of a car. Another man convinced six people to put up \$250 each and hopes to attract more. A minister offered to give Chris his 1980 Lincoln.

Others are signing up for the annual George Brett Celebrity Golf Tournament benefiting ALS or are making donations to the ALS Research Fund.

Cars for future auctions and cash donations are coming in to the local chapter of the American Cancer Society.

At the young age of 16, Chris is a true American hero. His generous act of compassion is a fine tribute to his late father and an outstanding example for all of us.

Mary Hendricks can now enjoy the freedom that John Rahimian cherished.

Chris has my highest respect and deep admiration.

**UNIVERSAL SERVICE: TRANSITION FROM REGULATION TO COMPETITION**

Mr. DOLE. Mr. President, for more than a century, the United States has been the world's leader in communications. We invented the telegraph, the telephone, the computer, and the microchip. It is no wonder then that we are without equal in this industry and that it represents a major and growing part of our economy. Republicans recognized more than a decade ago that this would be the economic issue of the future and that we should develop policies that would foster further growth and strengthen our hand here at home and abroad. This debate is now centered around what some call the information highway.

**FLEXIBLE POLICY IS THE ROLE OF CONGRESS**

Looking back on Congress' track record, a casual observer would suspect that we have a vendetta for the communications industry. Fortunately, this image is changing and Republicans are glad to see that the traditional proregulators are finally coming

around to our competitive way of thinking. Do not get me wrong. Congress can play an important role. But only if we develop flexible policy that will accommodate the rapid explosion of new technology. It would be irresponsible, however, for Congress and the administration to believe that they can do anything more.

#### COMPETITION IS BETTER THAN REGULATION

Now I read all the hype about Vice President AL GORE's information highway, and how some compare its creation to that of the Gutenberg press. I think cheerleaders have their place, but let us not forget that coaches call the plays that win games. And in this case, private industry, not big government, is the coach.

I agree with Andy Grove, the CEO and president of the largest microchip producer in the world, Intel. Recently on the Larry King Show, he responded to the Gutenberg press comments by saying that,

As I remember my history, I don't think the Government or the pseudo-governmental agencies were particularly helpful in propagating printed material or printing press. I don't think governmental agencies are helpful in propagating new technology.

That is his quote, not mine.

It seems to me that he has a point. Just take a look at a few of the players in the U.S. communications industry. Last year, the computer industry had revenues close to \$360 billion. Two things are amazing about that figure. First, it is twice the telephone industry's revenues. And second, almost half that figure represents revenues from the personal computer industry—which for all intents and purposes was non-existent in 1980. In other words, personal computers have done almost as much in 14 years as the entire telephone industry did in 100.

It is not too difficult to figure out that the computer industry benefited from fierce competition and minimal government regulation. Phone companies did not. Cable TV also exploded after it was deregulated in 1984. At that time, its revenues were at \$7.8 billion and employed 67,381 persons. Fast-forward to its reregulation in 1992, and its revenues had tripled and its employment numbers had jumped to 108,280. While these numbers are also good, I would suggest that the cable TV industry would have done much better if it had faced competition. More importantly, I would suggest that there would not have been the abuses which prompted Congress to consider its reregulation.

#### UNIVERSAL SERVICE IS ESSENTIAL

In order to get to a more competitive, less regulatory environment, there must be a strong and sensible transition mechanism. If we do not, I fear that as we move boldly toward new technologies and new opportunities, Kansas and the rest of the rural America will be left behind. Rural

areas are different. Population is sparse and telephone traffic volume is limited. The bottom line is that telephone service costs are higher.

The concept of universal service has helped alleviate these problems in the past, and it can continue to do so in the future. It has made telephone service accessible in rural and hard-to-serve areas through Federal financing and by requiring the telephone companies to provide telephone service to every rural resident that wanted it. There is no doubt about it, universal service has greatly enhanced the overall value of the telecommunications systems in the whole Nation.

As private industry sets out to build new systems, I do not want telephone customers from Plainville in Rooks County or McLouth in Jefferson County to pay significantly higher rates, or miss out on the ability to choose among all the new information sources, or lose the ability to compete with urban businesses just because they are in sparsely populated rural areas.

Rural Americans deserve the most beneficial market structure for rural market conditions. They will need effective, sustainable universal service mechanisms to support reasonable rates for a modern rural network.

Telecommunications policy should also consider the success of the Rural Electrification Administration and rural telephone bank programs. These programs have been instrumental in financing the construction and improvement we have today. Strong REA and RTB programs have made capital available at a reasonable cost. At the same time, effective Federal and State support mechanisms have helped make rural rates affordable and have provided rural Americans a telecommunications link to an information-rich economy and society.

In 1972, after several years of deliberation, several other rural Members of Congress joined Bob Poage and I to introduce and pass the rural telephone bank [RTB] bill. It was patterned after the Farm Credit Act. Seed money was provided by the Congress, and loans were made to telephone companies to improve the quality of service with the same requirement as REA loans for service to everyone in the service area. The RTB loans enabled rural telephone companies to provide better service, such as single-party lines for computers.

Repayment of the loans with interest has increased the capitalization of the bank. RTB lending loans to its owner-borrowers have supplemented REA loans, and together they help bring farmers and rural businesses new communications services needed for tomorrow. Increased services in these rural areas from the rural telephone companies will also help create better educational and health programs and improve the quality of rural life.

Mr. President, it is premature, if not dangerous, for Congress to move forward on any piece of legislation without solving the question of universal service. Without it as the foundation for any communications proposal, rates will go up for suburban and rural customers—and that is not for new services, just the ones they already have. More competition and less regulation can fuel advances. But I, for one, want all the people of Kansas to have a real choice among information services. After all, Mr. President, we will need more than dirt roads if we are to link rural America to the so-called information superhighway.

I think I can speak for the occupant of the chair from South Dakota, Senator DASCHLE, and my colleague from Iowa, Senator GRASSLEY, now on the floor.

Mr. President, if I could take just 1 additional minute to include something else in the RECORD.

The PRESIDING OFFICER. The Chair informs the Senator from Kansas he has at least 5 minutes remaining.

Mr. DOLE. I thank the Chair.

#### HAITI COMMISSION

Mr. DOLE. Mr. President, invasion talk for Haiti continued this weekend. Deputy Secretary of State Talbott says "The end of the day is approaching." That is his quote: "The end of the day is approaching."

I saw with interest this morning that William Raspberry's column in the Washington Post contains an endorsement—of sorts—for a factfinding commission. I will ask that the article be printed at the conclusion of my remarks. Walter Fauntroy, the former Delegate from the District of Columbia, is quoted at length. He points out:

Knowledge is power. If [the Bush and Clinton administrations] had more knowledge about Haiti, its people and its history, they would have had the power to resolve the situation without resort to violence.

That is Walter Fauntroy's quote, not mine. Fauntroy talks about how the embargo has accelerated deforestation and made the sick sicker and the poor poorer.

Fauntroy also points out the way to a political solution is to support the center and isolate the extremes. This seems pretty obvious. And Fauntroy points out the most recent effort to achieve a political solution was scuttled by Aristide's actions.

This isn't General Cedras saying we should have more facts, and that Aristide blocked a political solution. It's Walter Fauntroy—long-time member of the Congressional Black Caucus and chairman of the bipartisan Congressional Task Force on Haiti.

In the end, Fauntroy concludes the United States must invade because of past policy failures. In my view, that is exactly the wrong conclusion—we

should not risk American lives because the White House and the State Department could not formulate proper policy. The fact is, there are alternatives to invading Haiti if anybody in this administration is interested in looking at them. Bill Gray's predecessor had some good ideas. The Haitian Parliament has some good ideas. Maybe we could learn from our 19-year effort at nation-building earlier this century.

Reverend Fauntroy is one of many Haiti experts who say we should have spent more time looking at the reality of Haiti and less time rattling the sabers. It's too bad we cannot set partisan politics aside and take a time out to review some of these ideas before the invasion is launched.

I ask unanimous consent the article by Mr. Raspberry be printed at the end of my statement.

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

[From the Washington Post, July 18, 1994]

#### ONE CHOICE IN HAITI

(By William Raspberry)

President Clinton, we are told, has not made a decision about going to war in Haiti.

Maybe he hasn't. But with American service personnel engaged in Haiti-like maneuvers, with 2,000 Marines already deployed off the Haitian coast and with the U.S. warplanes broadcasting speeches in which the ousted President Jean-Bertrand Aristide vows to return to the island, it certainly looks like the president has made a decision.

"The end of the day is approaching," Deputy Secretary of State Strobe Talbott told a CNN audience on Saturday. He said he hoped that the military leaders who have run Haiti since Aristide's ouster in a 1991 coup would step down voluntarily, but said, "We can't wait forever."

Virginia Sen. John Warner (R) said Saturday that he senses "almost a war fever" in Washington, adding that he questioned the appropriateness of an invasion.

Walter E. Fauntroy used to. The former congressman from the District of Columbia and chairman for 15 years of a bipartisan congressional task force on Haiti said over the weekend that the Clinton administration has pretty much run out of options.

"We're down to two choices," he told me in an interview. "Either we go in, or we walk away."

The liberal Democrat, Baptist minister and consultant on international finance and trade said his reluctant choice is: Go in.

It's a position he doesn't like being in. He has been pushing for a negotiated settlement of Haiti's governmental crisis since the beginning, refusing even to join the bandwagon for economic sanctions, let alone military action.

He still thinks he was right—and not merely because of his nonviolent philosophy as a one-time lieutenant of Martin Luther King Jr.

He believes that the reason Clinton—and Bush before him—couldn't find a way out of the Haitian mess is that they didn't know enough.

"Knowledge is power," he said. "If they had had more knowledge about Haiti, its people and its history, they would have had the power to resolve the situation without resort to violence."

Did Fauntroy have that knowledge? "I knew that an embargo was wrong, because the sick would get sicker and the poor poorer," he told me. "The last person to go wanting for food or medicine would be the one with the gun. I knew that an embargo would frustrate what our task force had been doing—seeking to attract labor-intensive industry to the island as a way of dealing with the energetic but largely illiterate population. It was predictable that an embargo would drive those businesses into the eager arms of places like the Dominican Republic and Honduras and Costa Rica."

"We spend a lot of years trying to help Haiti recover from a French-led land scheme that had pretty much deforested the place. We launched a reforestation program to keep the soil from washing into the sea. Well, the first result of the embargo was an oil shortage, which meant that people began cutting down the trees to make charcoal."

There were subtler things, though, that a greater U.S. knowledge of Haiti might have accomplished, Fauntroy believes. The earlier ouster of Jean-Claude (Baby Doc) Duvalier involved not just pressure of the sort the Clinton administration is applying to the military leaders but also the deliberate nurturing of a centrist political faction capable of crafting the constitution that would be the basis of democracy.

"By promoting the centrists we were able to isolate the extremes—both those on the right, with their penchant for violence, and those on the left, who wanted nothing less than the complete leveling of the society. It also split the military, so that centrist military leaders could come to the fore and help put together a constitution with check and balances—a sharp break with Haiti's history."

The last chance of a resumption of that policy—and of an effort by the present ambassador, William Swing, to cultivate members of the Haitian parliament in order to work out a process for Aristide's eventual return—was scuttled a year ago when Aristide refused to abide by a resolution reached by a multiparty conference in Miami, Fauntroy believes.

Now, he said, the choices are to "go in or walk away." And each option has its own problems.

Going in would give the invaders control, but it would also saddle them with the responsibility of running Haiti for a decade or longer—not merely to maintain the peace but to assume the very efforts Fauntroy's task force started years ago. As Fauntroy put it, "Conquest is easy; occupation is hard."

But if we don't go in, he says, the thugs will remain in charge of what would surely be an outlaw territory and a transshipment point for U.S.-bound narcotics. And worse: The immigration problem that has driven the Clinton administration to the brink would only grow worse.

"It's in our national interest to stop this outflow," he concludes. "We've got to go in."

#### WELFARE REFORM

Mr. GRASSLEY. Mr. President, the Finance Committee held a hearing last week concerning President Clinton's welfare proposal. Secretary Shalala, Assistant Secretary Bain, and Assistant Secretary Ellwood were present to testify.

President Clinton promised to end welfare as we know it. But this plan

looks all too familiar. There is no "there" there. The President's so-called welfare reform reminds me of the story of the emperor's new clothes. Everyone will say they are beautiful, but really there is nothing there. True welfare reform must do at least three things.

First, it must reduce the rising cost of welfare programs. Second, it must address the social crisis of illegitimacy. Finally, it must require real work from recipients.

This plan does nothing to address the dramatic increase in welfare cost. In fact it adds to it. The President's proposal has an increase of \$9.3 billion in spending over the next 5 years. We have no estimate of what that cost will be in the out years after the turn of the century.

Statistics show that the current welfare state is projected to grow from \$300 billion in 1994 to almost \$500 billion by the turn of the century. The average American working family currently pays \$3,800 a year to support the existing welfare state. This will increase to \$7,000 a year by the end of the century when the Clinton plan is fully implemented.

Republican plans, by contrast, cut at least \$30 billion in the next 5 years and take some of the savings to support family tax relief.

It is crucial that welfare reform cap welfare costs—apart from Medicaid—at an aggregate growth rate of 3.5 percent for inflation. This allows some programs to grow more, while other programs grow less.

Another issue that must be addressed in real welfare reform is the serious rise in illegitimacy, welfare enemy No. 1. There is almost unanimous support across the political spectrum that something must be done to address this crisis. The consequences to the child, the mother, and society are simply too serious to continue to ignore.

For over 30 years, we have treated this issue as if it is simply a moral question, thus, one in which Government should not become involved. Recent studies have shown, however, that children born outside marriage are two to three times more likely to have emotional or behavioral problems than those in intact families. They have higher risks of child abuse and neglect, poor school performance, having children of their own as teenagers, having their own marriages end in divorce, and six times greater risk of being poor. The absence of parents frequently leads to both illegitimacy and welfare dependency for a series of generations.

These consequences are what results from the Government acting as father. To continue to ignore these consequences will result in greater destruction for children, young mothers and society. The President's proposal only requires young mothers to live at

home, stay in school, and receive contraceptive advice. In fact, while the explanatory materials about the President's plan mention abstinence, the President's actual bill does not. It simply promotes decisionmaking.

This does not truly address the crisis of keeping young women from having children in the first place. It is simply an attempt to put Humpty Dumpty back together again after he has fallen to his own destruction. Should not our policies promote the avoidance of these costly situations in the first place?

The administration's plan also allows millions of welfare recipients to continue receiving welfare benefits without any requirements at all. The work provisions only apply to those born in 1972 or after. What about everyone over age 22? Nothing is required of them.

Not only that, according to the President's own documents, the actual number of people required to work will be set by the amount of Federal funds allocated to support them, not by any supposed 2-year timeframe.

When the American people think of welfare reform, they want recipients to be required to work for their benefits. All other American families go to work to support their families. They get up, go to a particular work site, do a day's labor, receive a paycheck, and make ends meet to support their families. They expect no less from recipients of public assistance.

We are a compassionate nation. We always have been. People do not mind assisting someone in crisis to get back on his or her feet. However, they do not expect to have to support that individual for years to come. They expect people to take action to help themselves also.

Overall, the plan does not do what the President promised. He promised to end welfare as we know it. Unfortunately, his plan looks all too familiar. There is no "there," there.

I yield the floor.

#### TRIBUTE TO ARCHIBALD FOWLER BENNETT

Mr. HATCH. Mr. President, I would like to recognize the late Mr. Archibald Fowler Bennett for the contributions he made to genealogical research. Recently Mr. Bennett was the one distinguished genealogist recognized annually and elected to the National Genealogy Hall of Fame. Mr. Bennett's work toward genealogical education, records preservation, and distribution has had a worldwide effect on the circulation and promotion of sound principles of genealogical research.

Mr. Bennett served as the head librarian at the family history library of the Genealogical Society of Utah [GSU], for more than 30 years. He built the GSU's collection of 10,000 volumes into over 70,000 volumes and 300,000 reels of microfilm, the largest collection in the country.

Not only has Mr. Bennett been a pivotal asset to the accessibility of genealogical records in Utah, he also negotiated filming contracts for microfilm in Connecticut, Georgia, Maryland, New Jersey, North Carolina, Pennsylvania, Vermont, and Virginia. By 1948, he had negotiated filming contracts in numerous European countries as well.

In 1964, Mr. Bennett developed a system of branch libraries, known today as family history centers. This institution, along with the GSU has helped make the research acquired through the efforts of Mr. Bennett and others, available to researchers. Mr. Bennett organized and administered the program and was appointed to be the first manager of these branch libraries.

Mr. Bennett researched many families in New England. Much of his work remains in manuscript form in family history files. He is also the author of four highly acclaimed textbooks, "A Guide For Genealogical Research," "Finding Your Forefathers in America," "Advanced Genealogical Research," and "Searching With Success."

Most genealogists researching in the more than 2,000 family history centers worldwide today may not have heard of Archibald Fowler Bennett, but they are deeply influenced by him. Family history centers, pedigree charts, family group records, and microfilm, are used by most genealogists today and were all developed by Mr. Bennett. In this, the centennial year of the Genealogical Society of Utah, it is most fitting that this unique man, who gave so much to the entire genealogical community, has been elected to be honored in the National Genealogy Hall of Fame.

#### IS CONGRESS IRRESPONSIBLE? YOU BE THE JUDGE OF THAT

Mr. HELMS. Mr. President, anyone even remotely familiar with the U.S. Constitution knows that no President can spend a dime of Federal tax money that has not first been authorized and appropriated by Congress—both the House of Representatives and the U.S. Senate.

So when you hear a politician or an editor or a commentator declare that "Reagan ran up the Federal debt" or that "Bush ran it up," bear in mind that it was, and is, the Constitutional duty and responsibility of Congress to control Federal spending. Congress has failed miserably in that task for about 50 years.

The fiscal irresponsibility of Congress has created a Federal debt which stood at \$4,624,151,825,603.72 as of the close of business Friday, June 15. Averaged out, every man, woman, and child in America owes a share of this massive debt, and that per capita share is \$17,736.70.

Mr. BUMPERS. Madam President, parliamentary inquiry. What is the pending business?

The PRESIDING OFFICER (Ms. MOSELEY-BRAUN). The pending business is morning business.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### AGRICULTURAL, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1995

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 4554, which the clerk will report.

The legislative clerk read as follows: A bill (H.R. 4554) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1995, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italic.)

H.R. 4554

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1995, and for other purposes, namely:

#### TITLE I—AGRICULTURAL PROGRAMS

##### PRODUCTION, PROCESSING, AND MARKETING

##### OFFICE OF THE SECRETARY

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Office of the Secretary of Agriculture, and not to exceed \$75,000 for employment under 5 U.S.C. 3109, \$2,801,000: *Provided*, That not to exceed \$11,000 of this amount, along with any unobligated balances of representation funds in the Foreign Agricultural Service shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary: *Provided further*, That the Secretary may transfer salaries and expenses funds in this Act sufficient to finance a total of not to exceed 35 staff years between agencies of the Department of Agriculture to meet workload requirements.

##### OFFICE OF BUDGET AND PROGRAM ANALYSIS

For necessary expenses of the Office of Budget and Program Analysis, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$5,000 is for employment under 5 U.S.C. 3109, \$5,795,000.

##### CHIEF FINANCIAL OFFICER

For necessary expenses of the Chief Financial Officer to carry out the mandates of the Chief Financial Officers Act of 1990, \$580,000.

OFFICE OF THE ASSISTANT SECRETARY FOR  
ADMINISTRATION

For necessary expenses of the Office of the Assistant Secretary for Administration to carry out the programs funded in this Act, \$596,000.

AGRICULTURE BUILDINGS AND FACILITIES AND  
RENTAL PAYMENTS  
(INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92-313 for programs and activities of the Department of Agriculture which are included in this Act, \$106,571,000, of which \$18,614,000 shall be retained by the Department of Agriculture for the operation, maintenance, and repair of Agriculture buildings: *Provided*, That in the event an agency within the Department of Agriculture should require modification of space needs, the Secretary of Agriculture may transfer a share of that agency's appropriation made available by this Act to this appropriation, or may transfer a share of this appropriation to that agency's appropriation, but such transfers shall not exceed 5 per centum of the funds made available for space rental and related costs to or from this account. In addition, for construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the programs of the Department, where not otherwise provided, \$28,622,000, to remain available until expended; making a total appropriation of \$135,193,000.

ADVISORY COMMITTEES (USDA)

For necessary expenses for activities of advisory committees of the Department of Agriculture which are included in this Act, \$928,000: *Provided*, That no other funds appropriated to the Department of Agriculture in this Act shall be available to the Department of Agriculture for support of activities of advisory committees.

HAZARDOUS WASTE MANAGEMENT  
(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Department of Agriculture, to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961, \$15,700,000, to remain available until expended: *Provided*, That appropriations and funds available herein to the Department of Agriculture for hazardous waste management may be transferred to any agency of the Department for its use in meeting all requirements pursuant to the above Acts on Federal and non-Federal lands.

DEPARTMENTAL ADMINISTRATION  
(INCLUDING TRANSFERS OF FUNDS)

For Finance and Management, \$4,477,000, for Personnel, Operations, Information Resources Management, Civil Rights Enforcement, Small and Disadvantaged Business Utilization, Administrative Law Judges and Judicial Officer, and Emergency Programs, \$21,710,000; making a total of \$26,187,000 for Departmental Administration to provide for necessary expenses for management support services to offices of the Department of Agriculture and for general administration and emergency preparedness of the Department of Agriculture, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture, including employment pursuant to the second sentence of sec-

tion 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 is for employment under 5 U.S.C. 3109: *Provided*, That this appropriation shall be reimbursed from applicable appropriations in this Act for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551-558.

OFFICE OF THE ASSISTANT SECRETARY FOR  
CONGRESSIONAL RELATIONS

For necessary expenses of the Office of the Assistant Secretary for Congressional Relations to carry out the programs funded in this Act, including programs involving intergovernmental affairs and liaison within the executive branch, \$1,764,000.

OFFICE OF COMMUNICATIONS

For necessary expenses to carry on services relating to the coordination of programs involving public affairs, and for the dissemination of agricultural information and the coordination of information, work and programs authorized by Congress in the Department, \$8,198,000, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which not to exceed \$10,000 shall be available for employment under 5 U.S.C. 3109, and not to exceed \$2,000,000 may be used for farmers' bulletins.

OFFICE OF THE INSPECTOR GENERAL

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and the Inspector General Act of 1978, as amended, [\$63,918,000] \$62,918,000, including such sums as may be necessary for contracting and other arrangements with public agencies and private persons pursuant to section 6(a)(9) of the Inspector General Act of 1978, as amended, and including a sum not to exceed \$50,000 for employment under 5 U.S.C. 3109; and including a sum not to exceed \$95,000 for certain confidential operational expenses including the payment of informants, to be expended under the direction of the Inspector General pursuant to Public Law 95-452 and section 1337 of Public Law 97-98.

OFFICE OF THE GENERAL COUNSEL

For necessary expenses of the Office of the General Counsel, \$25,992,000.

OFFICE OF THE ASSISTANT SECRETARY FOR  
ECONOMICS

For necessary expenses of the Office of the Assistant Secretary for Economics to carry out the programs funded in this Act, \$540,000.

ECONOMIC RESEARCH SERVICE

For necessary expenses of the Economic Research Service in conducting economic research and service relating to agricultural production, marketing, and distribution, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, including economics of marketing; analyses relating to farm prices, income and population, and demand for farm products, use of resources in agriculture, adjustments, costs and returns in farming, and farm finance; research relating to the economic and marketing aspects of farmer cooperatives; and for analysis of supply and demand for farm products in foreign countries and their effect on prospects for United States exports, progress in economic development and its relation to sales of farm products, assembly and analysis of agricultural trade statistics and analysis of international financial and monetary programs and policies as they affect the competitive position of United States farm products, [\$54,306,000] \$53,565,000;

of which \$500,000 shall be available for investigation, determination, and finding as to the effect upon the production of food and upon the agricultural economy of any proposed action affecting such subject matter pending before the Administrator of the Environmental Protection Agency for presentation, in the public interest, before said Administrator, other agencies or before the courts: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225): *Provided further*, That this appropriation shall be available for analysis of statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

NATIONAL AGRICULTURAL STATISTICS SERVICE

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, and marketing surveys, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, \$81,424,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109.

WORLD AGRICULTURAL OUTLOOK BOARD

For necessary expenses of the World Agricultural Outlook Board to coordinate and review all commodity and aggregate agricultural and food data used to develop outlook and situation material within the Department of Agriculture, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(g)), \$2,498,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

OFFICE OF THE ASSISTANT SECRETARY FOR  
SCIENCE AND EDUCATION

For necessary salaries and expenses of the Office of the Assistant Secretary for Science and Education to administer the laws enacted by the Congress for the Agricultural Research Service, Cooperative State Research Service, Extension Service, and National Agricultural Library, \$520,000.

ALTERNATIVE AGRICULTURAL RESEARCH AND  
COMMERCIALIZATION REVOLVING FUND

For necessary expenses to carry out the Alternative Agricultural Research and Commercialization Act of 1990 (7 U.S.C. 5901-5908), [\$4,000,000] \$9,000,000 is appropriated to the Alternative Agricultural Research and Commercialization Revolving Fund.

AGRICULTURAL RESEARCH SERVICE

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses to enable the Agricultural Research Service to perform agricultural research and demonstration relating to production, utilization, marketing, and distribution (not otherwise provided for), home economics or nutrition and consumer use, and for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100, [\$693,977,000] \$698,787,000: *Provided*, That appropriations hereunder shall be available for temporary employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$115,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That appropriations hereunder shall be

available for the operation and maintenance of aircraft and the purchase of not to exceed one for replacement only: *Provided further*, That appropriations hereunder shall be available to conduct marketing research: *Provided further*, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250 for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided the cost of constructing any one building shall not exceed \$250,000, except for greenhouses or greenhouses which shall each be limited to \$1,000,000, and except for ten buildings to be constructed or improved at a cost not to exceed \$500,000 each, and the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building or \$250,000, whichever is greater: *Provided further*, That the limitations on alterations contained in this Act shall not apply to modernization or replacement of existing facilities at Beltsville, Maryland: *Provided further*, That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a): *Provided further*, That the foregoing limitations shall not apply to the purchase of land at Parlier, California, Beckley, West Virginia and Grand Forks, North Dakota: *Provided further*, That not to exceed \$190,000 of this appropriation may be transferred to and merged with the appropriation for the Office of the Assistant Secretary for Science and Education for the scientific review of international issues involving agricultural chemicals and food additives: *Provided further*, That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing or operating any research facility or research project of the Agricultural Research Service, as authorized by law.

[None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.]

#### BUILDINGS AND FACILITIES

For acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities as necessary to carry out the agricultural research programs of the Department of Agriculture, where not otherwise provided, **[\$23,400,000]** *\$38,718,000*, to remain available until expended (7 U.S.C. 2209b): *Provided*, That funds may be received from any State, other political subdivision, organization, or individual for the purpose of establishing any research facility of the Agricultural Research Service, as authorized by law.

#### COOPERATIVE STATE RESEARCH SERVICE

For payments to agricultural experiment stations, for cooperative forestry and other research, for facilities, and for other expenses, including \$171,304,000 to carry into effect the provisions of the Hatch Act approved March 2, 1887, as amended, including administration by the United States Department of Agriculture, penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended, and payments under section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.); \$20,809,000 for grants for cooperative forestry research under the Act approved October 10, 1962 (16 U.S.C. 582a-582a-7), as amended, including administrative expenses, and payments under section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.); \$28,157,000 for payments to the 1890 land-grant colleges, in-

cluding Tuskegee University, for research under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222), as amended, including administration by the United States Department of Agriculture, and penalty mail costs of the 1890 land-grant colleges, including Tuskegee University; **[\$44,969,000]** *\$52,295,000* for contracts and grants for agricultural research under the Act of August 4, 1965, as amended (7 U.S.C. 4501(c)); **[\$103,123,000]** for competitive research grants under section 2(b) of the Act of August 4, 1965, as amended (7 U.S.C. 4501(b)), including administrative expenses; **[\$5,551,000]** for the support of animal health and disease programs authorized by section 1433 of Public Law 95-113, including administrative expenses; **[\$1,818,000]** *\$650,000* for supplemental and alternative crops and products as authorized by the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3319d); **[\$400,000]** *\$500,000* for grants for research pursuant to the Critical Agricultural Materials Act of 1984 (7 U.S.C. 178) and section 1472 of the Food and Agriculture Act of 1977, as amended (7 U.S.C. 3318), to remain available until expended; **[\$475,000]** for rangeland research grants as authorized by subtitle M of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended; **[\$3,500,000]** for higher education graduate fellowships grants under section 1417(b)(6) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended; **[\$1,500,000]** for higher education challenge grants under section 1417(b)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(1)), including administrative expenses; **[\$1,000,000]** for a higher education minority scholars program under section 1417(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(5)), including administrative expenses, to remain available until expended (7 U.S.C. 2209b); **[\$4,000,000]** for aquaculture grants as authorized by section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322), and other Acts; **[\$7,400,000]** *\$8,825,000* for sustainable agriculture research and education, as authorized by section 1621 of Public Law 101-624 (7 U.S.C. 5811), including administrative expenses; and **[\$19,954,000]** *\$19,019,000* for necessary expenses of Cooperative State Research Service activities, including coordination and program leadership for higher education work of the Department, administration of payments to State agricultural experiment stations, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), of which \$9,917,000 shall be for a program of capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321-326 and 328), including Tuskegee University, to remain available until expended (7 U.S.C. 2209b), of which not to exceed \$100,000 shall be for employment under 5 U.S.C. 3109; in all, **[\$413,960,000]** *\$420,233,000*.

[None of the funds in the foregoing paragraph shall be available to carry out research related to the production, processing or marketing of tobacco or tobacco products.]

#### BUILDINGS AND FACILITIES

For acquisition of land, construction, repair, improvement, extension, alteration,

and purchase of fixed equipment or facilities and for grants to States and other eligible recipients for such purposes, as necessary to carry out the agricultural research, extension, and teaching programs of the Department of Agriculture, where not otherwise provided, **[\$34,148,000]** *\$59,836,000*, to remain available until expended (7 U.S.C. 2209b).

#### EXTENSION SERVICE

Payments to States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, Micronesia, Northern Marianas, and American Samoa: For payments for cooperative agricultural extension work under the Smith-Lever Act, as amended, to be distributed under sections 3(b) and 3(c) of said Act, and under section 208(c) of Public Law 93-471, for retirement and employees' compensation costs for extension agents and for costs of penalty mail for cooperative extension agents and State extension directors, **[\$272,582,000]**; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, **[\$61,431,000]**; payments for the pest management program under section 3(d) of the Act, **[\$10,147,000]** *\$10,947,000*, of which up to \$125,000 may be transferred to the Cooperative State Research Service; payments for the farm safety and rural health programs under section 3(d) of the Act, **[\$2,988,000]**; payments for the pesticide impact assessment program under section 3(d) of the Act, **[\$3,363,000]**; payments to upgrade 1890 land-grant college research and extension facilities as authorized by section 1447 of Public Law 95-113, as amended (7 U.S.C. 3222b), **[\$7,901,000]**, to remain available until expended; payments for the rural development centers under section 3(d) of the Act, **[\$950,000]**; payments for a groundwater quality program under section 3(d) of the Act, **[\$11,234,000]**; payments for the Agricultural Telecommunications Program, as authorized by Public Law 101-624 (7 U.S.C. 5926), **[\$1,221,000]**; payments for youth-at-risk programs under section 3(d) of the Act, **[\$10,000,000]**; payments for a Nutrition Education Initiative under section 3(d) of the Act, **[\$4,265,000]**; payments for a food safety program under section 3(d) of the Act, **[\$2,475,000]**; payments for carrying out the provisions of the Renewable Resources Extension Act of 1978, **[\$3,341,000]**; payments for Indian reservation agents under section 3(d) of the Act, **[\$1,750,000]**; payments for sustainable agriculture programs under section 3(d) of the Act, **[\$2,963,000]** *\$3,963,000*; payments for rural health and safety education as authorized by section 2390 of Public Law 101-624 (7 U.S.C. 2661 note, 2662), **[\$2,750,000]**; payments for extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321-326, 328) and Tuskegee University, **[\$25,472,000]**; and for Federal administration and coordination including administration of the Smith-Lever Act, as amended, and the Act of September 29, 1977 (7 U.S.C. 341-349), as amended, and section 1361(c) of the Act of October 3, 1980 (7 U.S.C. 301n.), and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possessions, **[\$7,117,000]** *\$12,611,000*; in all, **[\$429,200,000]** *\$439,244,000*: *Provided*, That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, as amended, shall not be paid to any State, the District of Columbia, Puerto Rico, Guam, or the Virgin Islands, Micronesia, Northern Marianas, and American Samoa prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

## NATIONAL AGRICULTURAL LIBRARY

For necessary expenses of the National Agricultural Library, [\$17,845,000] \$18,307,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$35,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That not to exceed \$900,000 shall be available pursuant to 7 U.S.C. 2250 for the alteration and repair of buildings and improvements: *Provided further*, That \$462,000 shall be available for a grant pursuant to section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3818), in addition to other funds available in this appropriation for grants under this section.

OFFICE OF THE ASSISTANT SECRETARY FOR  
MARKETING AND INSPECTION SERVICES

For necessary salaries and expenses of the Office of the Assistant Secretary for Marketing and Inspection Services to administer programs under the laws enacted by the Congress for the Animal and Plant Health Inspection Service, Food Safety and Inspection Service, Federal Grain Inspection Service, Agricultural Marketing Service, and Packers and Stockyards Administration, \$605,000.

ANIMAL AND PLANT HEALTH INSPECTION  
SERVICESALARIES AND EXPENSES  
(INCLUDING TRANSFERS OF FUNDS)

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426-426b); and to protect the environment, as authorized by law, [\$438,651,000] \$438,901,000, of which \$96,660,000 shall be derived from user fees deposited in the Agricultural Quarantine Inspection User Fee Account, and of which \$4,938,000 shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency conditions: *Provided*, That, if the demand for Agricultural Quarantine Inspection (AQI) user fee financed services is greater than expected and/or other uncontrollable events occur, the Agency may exceed the AQI User Fee limitation by up to 20 per centum, provided such funds are available in the Agricultural Quarantine Inspection User Fee Account, and with notification to the Appropriations Committees: *Provided further*, That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 per centum: *Provided further*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only: *Provided further*, That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary,

to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, as amended, and section 102 of the Act of September 21, 1944, as amended, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts: *Provided further*, That appropriations hereunder shall be available pursuant to law (7 U.S.C. 2250) for the repair and alteration of leased buildings and improvements, but unless otherwise provided the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

[In fiscal year 1995 the Agency is authorized to collect fees for the total direct and indirect costs of technical assistance, goods, or services provided to States, other political subdivisions, domestic and international organizations, foreign governments, or individuals, and such fees shall be credited to this account, to remain available until expended, without further appropriation, for providing such assistance, goods, or services.]

## BUILDINGS AND FACILITIES

For plans, construction, repair, preventive maintenance, environmental support, improvement, extension, alteration, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, \$6,973,000, to remain available until expended.

## FOOD SAFETY AND INSPECTION SERVICE

For necessary expenses to carry on services authorized by the Federal Meat Inspection Act, as amended, and the Poultry Products Inspection Act, as amended, [\$430,929,000] \$533,929,000, and in addition, \$1,000,000 may be credited to this account from fees collected for the cost of laboratory accreditation as authorized by section 1017 of Public Law 102-237: *Provided*, That this appropriation shall be available for field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

## FEDERAL GRAIN INSPECTION SERVICE

## SALARIES AND EXPENSES

For necessary expenses to carry out the provisions of the United States Grain Standards Act, as amended, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, as amended, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$20,000 for employment under 5 U.S.C. 3109, \$11,325,000: *Provided*, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

## INSPECTION AND WEIGHING SERVICES

LIMITATION ON INSPECTION AND WEIGHING  
SERVICE EXPENSES

Not to exceed \$42,784,000 (from fees collected) shall be obligated during the current

fiscal year for Inspection and Weighing Services: *Provided*, That if grain export activities require additional supervision and oversight, or other uncontrollable factors occur, this limitation may be exceeded by up to 10 per centum with notification to the Appropriations Committees.

AGRICULTURAL MARKETING SERVICE  
MARKETING SERVICES

For necessary expenses to carry on services related to consumer protection, agricultural marketing and distribution, transportation, agricultural cooperatives, and regulatory programs, as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$90,000 for employment under 5 U.S.C. 3109, \$55,728,000; including funds for the Wholesale Market Development Program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: *Provided*, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

Fees may be collected for the cost of standardization activities, as established by regulation pursuant to law (31 U.S.C. 9701).

## LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed \$57,054,000 (from fees collected) shall be obligated during the current fiscal year for administrative expenses: *Provided*, That if crop size is understated and/or other uncontrollable events occur, the agency may exceed this limitation by up to 10 per centum with notification to the Appropriations Committees.

FUNDS FOR STRENGTHENING MARKETS, INCOME,  
AND SUPPLY (SECTION 32)

## (INCLUDING TRANSFERS OF FUNDS)

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than \$10,309,000 for formulation and administration of Marketing Agreements and Orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961.

*In fiscal year 1996, section 32 funds shall be used to promote sunflower and cottonseed oil exports to the full extent authorized by section 1541 of Public Law 101-624 (7 U.S.C. 1464 note), and such funds shall be used to facilitate additional sales of such oils in world markets.*

## PAYMENTS TO STATES AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,200,000.

## [PERISHABLE AGRICULTURAL COMMODITIES ACT

[Notwithstanding any other provision of law, during fiscal year 1995, the Secretary of Agriculture shall require persons filing complaints under section 6(a) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499f(a)), to include a filing fee of \$60 per petition. In the event of further action on such a complaint during fiscal year 1995, the person or persons making the complaint shall

submit a handling fee of \$300, which shall be reimbursed by the commission merchant, dealer, or broker involved whenever the Secretary issues a reparation order under section 7 of such Act on the complaint. Such fees shall be deposited in the Perishable Agricultural Commodities Act Fund.]

#### PACKERS AND STOCKYARDS ADMINISTRATION

For necessary expenses for administration of the Packers and Stockyards Act, as authorized by law, and for certifying procedures used to protect purchasers of farm products, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$5,000 for employment under 5 U.S.C. 3109, \$11,989,000.

#### FARM INCOME STABILIZATION

##### OFFICE OF THE UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

For necessary salaries and expenses of the Office of the Under Secretary for International Affairs and Commodity Programs to administer the laws enacted by Congress for the Agricultural Stabilization and Conservation Service, Foreign Agricultural Service, and the Commodity Credit Corporation, \$549,000.

##### AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE SALARIES AND EXPENSES (INCLUDING TRANSFERS OF FUNDS)

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.); sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q); sections 1001 to 1004, 1006 to 1008, and 1010 of the Agricultural Act of 1970, as amended (16 U.S.C. 1501 to 1504, 1506 to 1508, and 1510); the Water Bank Act, as amended (16 U.S.C. 1301-1311); the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101); sections 202(c) and 205 of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c), 1595); sections 401, 402, and 404 to 406 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205); the United States Warehouse Act, as amended (7 U.S.C. 241-273); title XII of the Food Security Act of 1985, as amended (16 U.S.C. 3811 et seq.); and laws pertaining to the Commodity Credit Corporation, \$717,958,000; of which \$716,333,000 is hereby appropriated, and \$1,036,000 is transferred from the Public Law 480 Program Account in this Act and \$589,000 is transferred from the Commodity Credit Corporation Program Account in this Act: *Provided*, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this account: *Provided further*, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That no part of the funds made available under this Act shall be used: (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil

Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

#### CORPORATIONS

The following corporations and agencies are hereby authorized to make expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation or agency, except as hereinafter provided.

##### FEDERAL CROP INSURANCE CORPORATION ADMINISTRATIVE AND OPERATING EXPENSES

For administrative and operating expenses, as authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1516), [\$62,796,000] \$72,796,000: *Provided*, That \$12,000,000 be made available for the Animal and Plant Health Inspection Service: *Provided further*, That not to exceed \$700 shall be available for official reception and representation expenses, as authorized by 7 U.S.C. 1506(1): *Provided further*, That none of the funds in this Act may be used to offer a Federal crop insurance policy in counties on crops where a loss ratio, that has already been recalculated pursuant to law to reflect the premium rates issued by the Corporation for the 1994 crop year, is in excess of 1.10 more than 70 percent of the years that a policy has been offered since 1980: *Provided further*, That none of the funds in this Act may be used to pay operating and administrative costs that exceed 31 percent of premium to insurers of policies on which the Corporation provides reinsurance, except to reimburse said insurers for excess loss adjustment expenses as provided for in the Standard Reinsurance Agreement issued by the Corporation: *Provided further*, That the second proviso shall not apply in any county affected if the Corporation has implemented a nonstandard classification system in such county for those individual farms that have experienced excessive losses since 1980 under which the premium rates, notwithstanding the provision of section 508(d) of the Federal Crop Insurance Act, are increased over comparable rates effective for the 1994 crop, or the insured yields are decreased from comparable yields for the 1994 crop, or a combination of both, by an amount or amounts sufficient to ensure that an estimated loss ratio will not exceed 1.1 for the crop produced on such farms during the 1995 crop year.

##### FEDERAL CROP INSURANCE CORPORATION FUND

For payments as authorized by section 508(b) of the Federal Crop Insurance Act, as amended, \$219,107,000, to remain available until expended (7 U.S.C. 2209b).

##### COMMODITY CREDIT CORPORATION FUND

###### REIMBURSEMENT FOR NET REALIZED LOSSES

For fiscal year 1995, such sums as may be necessary to reimburse the Commodity Credit Corporation for net realized losses sustained, but not previously reimbursed (estimated to be \$15,500,000,000 in the President's fiscal year 1995 Budget Request (H. Doc. 103-179)), but not to exceed \$15,500,000,000, pursuant to section 2 of the Act of August 17, 1961, as amended (15 U.S.C. 713a-11).

##### OPERATIONS AND MAINTENANCE FOR HAZARDOUS WASTE MANAGEMENT

For fiscal year 1995, the Commodity Credit Corporation shall not expend more than

\$5,000,000 for expenses to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9607(g), and section 6001 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961: *Provided*, That expenses shall be for operations and maintenance costs only and that other hazardous waste management costs shall be paid for by the USDA Hazardous Waste Management appropriation in this Act.

#### DISASTER ASSISTANCE

*Funds of the Commodity Credit Corporation made available under Public Law 103-75 shall remain available through March 31, 1995, for payments to producers of orchard crops for losses incurred between January 1, 1994, and March 31, 1994, if the losses are due to freezing conditions in 1994: Provided*, That not more than \$12,000,000 shall be available for such orchard crop losses: *Provided further*, That amounts available under this Act shall be subject to the terms and conditions of Public Law 101-624: *Provided further*, That the use of these funds for these purposes is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and that such funds shall be available only to the extent that the President designates such use as an emergency requirement pursuant to such Act: *Provided further*, That the terms and conditions of section 521, paragraphs (a)(3) and (4), paragraph (b)(3), subparagraph (c)(2)(C), and subsections (d) and (e), as amended in section 201 of S. 2095 (as reported by the Committee on Agriculture, Nutrition, and Forestry on June 22, 1994) shall apply to all claims for assistance made under this paragraph.

#### TITLE II—CONSERVATION PROGRAMS

##### OFFICE OF THE ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

For necessary salaries and expenses of the Office of the Assistant Secretary for Natural Resources and Environment to administer the laws enacted by the Congress for the Forest Service and the Soil Conservation Service, \$677,000.

##### SOIL CONSERVATION SERVICE

###### CONSERVATION OPERATIONS

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-590f) including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant materials centers; classification and mapping of soil; dissemination of information; acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100; purchase and erection or alteration or improvement of permanent and temporary buildings; and operation and maintenance of aircraft, [\$576,562,000] \$582,141,000, to remain available until expended (7 U.S.C. 2209b); of which not less than \$5,756,000 is for snow survey and water forecasting and not less than \$8,070,000 is for operation and establishment of the plant materials centers: *Provided*, That except for [\$2,399,000] \$3,899,000 for improvements of the plant materials centers, the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings

acquired in conjunction with land being purchased for other purposes, shall not exceed \$10,000, except for one building to be constructed at a cost not to exceed \$100,000 and eight buildings to be constructed or improved at a cost not to exceed \$50,000 per building and except that alterations or improvements to other existing permanent buildings costing \$5,000 or more may be made in any fiscal year in an amount not to exceed \$2,000 per building: *Provided further*, That when buildings or other structures are erected on non-Federal land that the right to use such land is obtained as provided in 7 U.S.C. 2250a: *Provided further*, That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a-590f) in demonstration projects: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service.

#### RIVER BASIN SURVEYS AND INVESTIGATIONS

For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, in accordance with section 6 of the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1006-1009), \$12,970,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$60,000 shall be available for employment under 5 U.S.C. 3109.

#### WATERSHED PLANNING

For necessary expenses for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1008), \$10,546,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

#### WATERSHED AND FLOOD PREVENTION OPERATIONS

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1001-1005, 1007-1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, [\$65,000,000] \$75,000,000, to remain available until expended (7 U.S.C. 2209b) [(of which \$10,000,000 shall be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701, 16 U.S.C. 1006a), as amended and supplemented): *Provided*, That not to exceed 5 per centum of the foregoing amounts shall be available for allocation to any one State]: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$200,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That not to exceed \$1,000,000 of this appropriation is available to carry out the purposes of the

Endangered Species Act of 1973 (Public Law 93-205), as amended, including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction.

#### RESOURCE CONSERVATION AND DEVELOPMENT

For necessary expenses in planning and carrying out projects for resource conservation and development and for sound land use pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1010-1011; 76 Stat. 607), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461), \$32,845,000, to remain available until expended (7 U.S.C. 2209): *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

#### GREAT PLAINS CONSERVATION PROGRAM

For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16(b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956, as amended (16 U.S.C. 590p(b)), \$11,672,000, to remain available until expended (16 U.S.C. 590p(b)(7)).

#### AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

#### AGRICULTURAL CONSERVATION PROGRAM (INCLUDING TRANSFERS OF FUNDS)

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, \$100,000,000, to remain available until expended (16 U.S.C. 590o), for agreements, excluding administration but including technical assistance and related expenses (16 U.S.C. 590o), except that no participant in the Agricultural Conservation Program shall receive more than \$3,500 per year, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community, or where a participant has a long-term agreement, in which case the total payment shall not exceed the annual payment limitation multiplied by the number of years of the agreement: *Provided*, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetlands Types 3 (III) through 20 (XX) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: *Provided further*, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved farming practices as authorized by the Soil Conservation and Domestic Allotment Act, as amend-

ed, as determined and recommended by the county committees, approved by the State committees and the Secretary, under programs provided for herein: *Provided further*, That such assistance will not be used for carrying out measures and practices that are primarily production-oriented or that have little or no conservation or pollution abatement benefits: *Provided further*, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: *Provided further*, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: *Provided further*, That not to exceed \$15,000,000 of the amount appropriated shall be used for water quality payments and practices in the same manner as permitted under the program for water quality authorized in chapter 2 of subtitle D of title XII of the Food Security Act of 1985, as amended (16 U.S.C. 3838 et seq.).

#### FORESTRY INCENTIVES PROGRAM

[For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, \$6,625,000, to remain available until expended, as authorized by that Act.

#### COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

[For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, \$5,000,000 to remain available until expended (7 U.S.C. 2209b), to be used for investigations and surveys, for technical assistance in developing conservation practices and in the preparation of salinity control plans, for the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and non-governmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by the county ASC committees, approved by the State ASC committees and the Secretary, and for associated costs of program planning, information and education, and program monitoring and evaluation: *Provided*, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, the negotiation and administration of agreements and the disbursement

of payments: *Provided further*, That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies.]

CONSERVATION RESERVE PROGRAM  
(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses to carry out the conservation reserve program pursuant to the Food Security Act of 1985 (16 U.S.C. 3831-3845), \$1,743,274,000, to remain available until expended, to be used for Commodity Credit Corporation expenditures for cost-share assistance for the establishment of conservation practices provided for in approved conservation reserve program contracts, and for annual rental payments provided in such contracts, and for technical assistance.

WETLANDS RESERVE PROGRAM  
(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses to carry out the Wetlands Reserve Program pursuant to subchapter C of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837), \$93,200,000, to remain available until expended: *Provided*, That the Secretary is authorized to use the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of carrying out the Wetlands Reserve Program.

**TITLE III—FARMERS HOME AND RURAL DEVELOPMENT PROGRAMS**

OFFICE OF THE UNDER SECRETARY FOR SMALL COMMUNITY AND RURAL DEVELOPMENT

For necessary salaries and expenses of the Office of the Under Secretary for Small Community and Rural Development to administer programs under the laws enacted by the Congress for the Farmers Home Administration, Rural Electrification Administration, Federal Crop Insurance Corporation, and rural development activities of the Department of Agriculture, \$568,000.

RURAL DEVELOPMENT ADMINISTRATION

The Secretary may transfer funds from the Farmers Home Administration in this Act to fund the Rural Development Administration, as authorized by law.

RURAL DEVELOPMENT ADMINISTRATION AND FARMERS HOME ADMINISTRATION

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949, as amended, to be available from funds in the Rural Housing Insurance Fund, as follows: [\$2,323,339,000] \$2,400,000,000 for loans to section 502 borrowers, as determined by the Secretary, of which \$1,000,000,000 shall be for unsubsidized guaranteed loans; \$35,000,000 for section 504 housing repair loans; \$15,915,000 for section 514 farm labor housing; \$220,000,000 for section 515 rental housing; and \$632,000 for site loans: *Provided*, That up to \$48,650,000 of these funds shall be made available for section 502(g), Deferral Mortgage Demonstration.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: low-income section 502 loans, [\$268,105,000] \$282,640,000 of which \$17,200,000 shall be for unsubsidized guaranteed loans; section 504 housing repair loans, \$11,690,000; section 514 farm labor housing, \$7,911,000; and section 515 rental housing, \$115,500,000.

[In addition, for the cost (as defined in section 502 of the Congressional Budget Act of 1974) of guaranteed loans under a demonstration program of loan guarantees for multi-

family rental housing in rural areas, \$1,000,000, to be derived from the amount made available under this heading for the cost of low-income section 502 loans and to become available for obligation only upon the enactment of authorizing legislation.]

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$389,818,000.

RENTAL ASSISTANCE PROGRAM

For rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) or agreements entered into in lieu of forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Housing Act of 1949, as amended, \$523,008,000; and in addition such sums as may be necessary, as authorized by section 521(c) of the Act, to liquidate debt incurred prior to fiscal year 1992 to carry out the Rental Assistance Program under section 521(a)(2) of the Act: *Provided*, That of this amount not more than \$5,900,000 shall be available for debt forgiveness or payments for eligible households as authorized by section 502(c)(5)(D) of the Act, and not to exceed \$10,000 per project for advances to nonprofit organizations or public agencies to cover direct costs (other than purchase price) incurred in purchasing projects pursuant to section 502(c)(5)(C) of the Act: *Provided further*, That agreements entered into or renewed during fiscal year 1995 shall be funded for a five-year period, although the life of any such agreement may be extended to fully utilize amounts obligated.

SELF-HELP HOUSING LAND DEVELOPMENT FUND PROGRAM ACCOUNT

For gross obligations for the principal amount of direct loans, as authorized by section 523(b)(1)(B) of the Housing Act of 1949, as amended (42 U.S.C. 1490c), \$603,000.

For the cost of direct loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, \$11,000.

In addition, for administrative expenses necessary to carry out the direct loan program, \$14,000.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

For gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928-1929, to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, \$618,755,000, of which \$540,674,000 shall be for guaranteed loans; operating loans, \$2,465,000,000, of which \$1,735,000,000 shall be for unsubsidized guaranteed loans and \$230,000,000 shall be for subsidized guaranteed loans; [\$4,312,000 for water development, use, and conservation loans, of which \$1,415,000 shall be for guaranteed loans;] Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, \$1,000,000; and for emergency insured loans, \$100,000,000 to meet the needs resulting from natural disasters.

For the cost of direct and guaranteed loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, \$31,853,000, of which \$20,870,000 shall be for guaranteed loans; operating loans, \$95,340,000, of which \$9,360,000 shall be for unsubsidized guaranteed loans and \$29,425,000 shall be for subsidized guaranteed loans; [\$411,000 for water development, use, and conservation loans, of which \$31,000 shall be for guaranteed loans;] Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, \$123,000; and for emergency insured loans, [\$26,060,000] \$26,290,000 to meet the needs resulting from natural disasters.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$243,766,000.

RURAL DEVELOPMENT INSURANCE FUND PROGRAM ACCOUNT

For gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928 and 86 Stat. 661-664, as amended, to be available from funds in the Rural Development Insurance Fund, as follows: water and sewer facility loans, [\$834,193,000] \$976,853,000; community facility loans, \$300,000,000, of which \$75,000,000 shall be for guaranteed loans; and guaranteed industrial development loans, \$500,000,000: *Provided*, That none of the funds made available in this Act may be used to make transfers between the above limitations: *Provided further*, That of the amounts appropriated above, [\$17,000,000] \$20,000,000 of direct water and sewer facility, \$7,800,000 of direct community facility, and \$11,000,000 of guaranteed industrial development loan funds shall be available through July 30, 1995, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: direct water and sewer facility loans, [\$115,786,000] \$136,466,000; direct community facility loans, [\$21,723,000] \$21,375,000; guaranteed community facility loans, \$3,728,000; and guaranteed industrial development loans, \$4,750,000: *Provided*, That of the amounts appropriated in this paragraph, [\$2,360,000] \$2,794,000 for direct water and sewer facility loans, [\$753,000] \$741,000 for direct community facility, and [\$103,000] \$105,000 for guaranteed industrial development loans shall be available through July 30, 1995, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$57,294,000.

RURAL DEVELOPMENT LOAN FUND PROGRAM ACCOUNT

For the cost of direct loans, \$46,000,000, as authorized by the Rural Development Loan Fund (42 U.S.C. 9812(a)): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans of \$88,038,000: *Provided further*, That through July 30, 1995, of these amounts, \$5,519,000 shall be available for the cost of direct loans, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993, to subsidize gross obligations for the principal amount of direct loans, \$10,565,000.

In addition, for administrative expenses necessary to carry out the direct loan programs, \$1,476,000.

AGRICULTURAL RESOURCE CONSERVATION DEMONSTRATION PROGRAM ACCOUNT

For gross obligations for the principal amount of guaranteed loans, as authorized under sections 1465-1469 of Public Law 101-624 for the Agricultural Resource Conservation Demonstration Program, \$5,599,000.

For the cost of guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, \$3,086,000.

## STATE MEDIATION GRANTS

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), **[\$2,000,000] \$3,000,000.**

## RURAL WATER AND WASTE DISPOSAL GRANTS

For grants pursuant to section 306(a)(2) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926), **\$500,000,000**, to remain available until expended, pursuant to section 306(d) of the above Act of which **\$19,047,000** shall be available, through July 30, 1995, for empowerment zones and enterprise communities, as authorized by title XIII of the Omnibus Budget Reconciliation Act of 1993, and of which **\$25,000,000** shall be available for water and waste disposal systems to benefit the Colonias along the United States/Mexico border, including grants pursuant to section 306C: *Provided*, That, with the exception of the foregoing **\$19,047,000**, and the foregoing **\$25,000,000**, these funds shall not be used for any purpose not specified in section 306(a) of the Consolidated Farm and Rural Development Act.

## VERY LOW-INCOME HOUSING REPAIR GRANTS

For grants to the very low-income elderly for essential repairs to dwellings pursuant to section 504 of the Housing Act of 1949, as amended, **\$24,900,000**, to remain available until expended.

## RURAL HOUSING FOR DOMESTIC FARM LABOR

For financial assistance to eligible nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), **\$10,900,000**, to remain available until expended.

## MUTUAL AND SELF-HELP HOUSING

For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), **\$12,650,000**, to remain available until expended (7 U.S.C. 2209b).

## SUPERVISORY AND TECHNICAL ASSISTANCE GRANTS

[For grants pursuant to sections 509(g)(6) and 525 of the Housing Act of 1949, **\$2,400,000**, to remain available until expended.]

## RURAL COMMUNITY FIRE PROTECTION GRANTS

For grants pursuant to section 7 of the Cooperative Forestry Assistance Act of 1978 (Public Law 95-313), **\$3,400,000** to fund up to 50 per centum of the cost of organizing, training, and equipping rural volunteer fire departments.

## COMPENSATION FOR CONSTRUCTION DEFECTS

For compensation for construction defects as authorized by section 509(c) of the Housing Act of 1949, as amended, **\$495,000**, to remain available until expended.

## RURAL HOUSING PRESERVATION GRANTS

For grants for rural housing preservation as authorized by section 552 of the Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181), **\$22,000,000.**

## RURAL BUSINESS ENTERPRISE GRANTS

For grants authorized under section 310B(c) and 310B(j) (7 U.S.C. 1932) of the Consolidated Farm and Rural Development Act to any qualified public or private nonprofit organization, **\$47,500,000**, [of which **\$2,000,000** shall be to assist in developing cooperative efforts to provide information and technical assistance to under-represented groups in traditionally agricultural or other natural resource dependent communities for encouraging business development; and] of which **\$9,500,000** shall be available through July 30, 1995, for assistance to empowerment zones and enterprise communities, as authorized

by title XIII of the Omnibus Budget Reconciliation Act of 1993: *Provided*, That **\$500,000** shall be available for grants to qualified nonprofit organizations to provide technical assistance and training for rural communities needing improved passenger transportation systems or facilities in order to promote economic development.

## SOLID WASTE MANAGEMENT GRANTS

For grants for pollution abatement and control projects authorized under section 310B(b) (7 U.S.C. 1932) of the Consolidated Farm and Rural Development Act, **\$2,995,000**: *Provided*, That such assistance shall include regional technical assistance for improvement of solid waste management.

## OUTREACH FOR SOCIALLY DISADVANTAGED FARMERS

For grants and contracts pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279), **\$2,995,000**, to remain available until expended.

## RURAL TECHNOLOGY AND COOPERATIVE DEVELOPMENT GRANTS

For grants pursuant to section 310(f) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926(a)(11)), **[\$1,500,000] \$2,000,000.**

## LOCAL TECHNICAL ASSISTANCE AND PLANNING GRANTS

[For grants pursuant to section 306(a)(11)(A) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926(a)(11)), **\$2,500,000.**]

## SALARIES AND EXPENSES

## (INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of the Farmers Home Administration, not otherwise provided for, in administering the programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-2000), as amended; title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-1490c); the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444), for administering the loan program authorized by title III-A of the Economic Opportunity Act of 1964 (Public Law 88-452 approved August 20, 1964), as amended; the Cooperative Marketing Act of July 2, 1926 (7 U.S.C. 451-457); and for activities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and for activities with institutions or organizations throughout the world concerning the development and operation of agricultural cooperatives (7 U.S.C. 3291), and such other programs which the Farmers Home Administration has the responsibility for administering, **\$700,585,000**; of which **\$37,811,000** is hereby appropriated, **\$374,255,000** shall be derived by transfer from the Rural Housing Insurance Fund Program Account in this Act and merged with this account, **\$229,735,000** shall be derived by transfer from the Agriculture Credit Insurance Fund Program Account in this Act and merged with this account, **\$57,294,000** shall be derived by transfer from the Rural Development Insurance Fund Program Account in this Act and merged with this account, **\$1,476,000** shall be derived by transfer from the Rural Development Loan Fund Program Account in this Act and merged with this account, and **\$14,000** shall be derived by transfer from the Self-Help Housing Land Development Fund Program Account in this Act and merged with this account: *Provided*, That not to exceed **\$515,000**

of this appropriation may be used for employment under 5 U.S.C. 3109: *Provided further*, That not to exceed **[\$4,159,000] \$4,368,000** of this appropriation shall be available for contracting with the National Rural Water Association or other equally qualified national organization for a circuit rider program to provide technical assistance for rural water systems: *Provided further*, That not to exceed **\$2,000,000** shall be available through cooperative agreements to assist in developing efforts to provide information and technical assistance to traditionally under-represented communities to encourage business community development.

## RURAL ELECTRIFICATION ADMINISTRATION

To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), as follows:

## RURAL ELECTRIFICATION AND TELEPHONE LOANS PROGRAM ACCOUNT

Insured loans pursuant to the authority of section 305 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), shall be made as follows: 5 percent rural electrification loans, **\$100,000,000**; 5 percent rural telephone loans, **\$75,000,000**; cost of money rural telephone loans, **\$198,000,000**; municipal rate rural electric loans, **\$575,250,000**; and loans made pursuant to section 306 of that Act, **\$420,000,000**, to remain available until expended.

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct and guaranteed loans authorized by the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), as follows: cost of direct loans, **[\$19,120,000] \$14,807,000**; cost of municipal rate loans, **\$46,020,000**; cost of money rural telephone loans, **\$40,000**; cost of loans guaranteed pursuant to section 306, **\$450,000.**

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, **\$29,982,000.**

## RURAL TELEPHONE BANK PROGRAM ACCOUNT

The Rural Telephone Bank is hereby authorized to make such expenditures, within the limits of funds available to such corporation in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out its authorized programs for the current fiscal year. During fiscal year 1995 and within the resources and authority available, gross obligations for the principal amount of direct loans shall be **\$175,000,000.**

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, including the cost of modifying loans, of direct loans authorized by the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), **[\$2,728,000] \$770,000.**

In addition, for administrative expenses necessary to carry out the loan programs, **\$8,794,000.**

## DISTANCE LEARNING AND MEDICAL LINK PROGRAMS

For necessary expenses to carry into effect the programs authorized in sections 2331-2335 of Public Law 101-624, **\$7,500,000**, to remain available until expended.

## REA ECONOMIC DEVELOPMENT LOANS PROGRAM ACCOUNT

For gross obligations for the principal amount of direct loans, as authorized under section 313 of the Rural Electrification Act, for the purpose of promoting rural economic development and job creation projects, **\$12,865,000.**

For the cost of direct loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, \$3,077,000.

**SALARIES AND EXPENSES  
(INCLUDING TRANSFERS OF FUNDS)**

For administrative expenses to carry out the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), and to administer the loan and loan guarantee programs for Community Antenna Television facilities as authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-1995), and for which commitments were made prior to fiscal year 1994, including not to exceed \$7,000 for financial and credit reports, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$103,000 for employment under 5 U.S.C. 3109, \$38,776,000; of which \$29,982,000 shall be derived by transfer from the Rural Electrification and Telephone Loans Program Account in this Act and \$8,794,000 shall be derived by transfer from the Rural Telephone Bank Program Account in this Act: *Provided*, That none of the funds in this Act may be used to authorize the transfer of additional funds to this account from the Rural Telephone Bank.

**TITLE IV—DOMESTIC FOOD PROGRAMS  
OFFICE OF THE ASSISTANT SECRETARY FOR  
FOOD AND CONSUMER SERVICES**

For necessary salaries and expenses of the Office of the Assistant Secretary for Food and Consumer Services to administer the laws enacted by the Congress for the Food and Nutrition Service, \$540,000.

**FOOD AND NUTRITION SERVICE**

**CHILD NUTRITION PROGRAMS**

**(INCLUDING TRANSFERS OF FUNDS)**

For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751-1769b), and the applicable provisions other than sections 3 and 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1773-1785, and 1788-1789); \$7,451,351,000, to remain available through September 30, 1996, of which \$2,202,274,000 is hereby appropriated and \$5,249,077,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): *Provided*, That funds appropriated for the purpose of section 7 of the Child Nutrition Act of 1966 shall be allocated among the States but the distribution of such funds to an individual State is contingent upon that State's agreement to participate in studies and surveys of programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, when such studies and surveys have been directed by the Congress and requested by the Secretary of Agriculture: *Provided further*, That if the Secretary of Agriculture determines that a State's administration of any program under the National School Lunch Act or the Child Nutrition Act of 1966 (other than section 17), or the regulations issued pursuant to these Acts, is seriously deficient, and the State fails to correct the deficiency within a specified period of time, the Secretary may withhold from the State some or all of the funds allocated to the State under section 7 of the Child Nutrition Act of 1966 and under section 13(k)(1) of the National School Lunch Act; upon a subsequent determination by the Secretary that the programs are operated in an acceptable manner some or all of the funds withheld may be allocated: *Provided further*, That only final reimbursement claims for service of meals, supplements, and milk submitted to State

agencies by eligible schools, summer camps, institutions, and service institutions within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act for meals, supplements, and milk served during any month only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary: *Provided*, *[further]*, That up to \$3,849,000 shall be available for independent verification of school food service claims: *Provided further*, That \$1,706,000 \$1,853,000 shall be available to provide financial and other assistance to operate the Food Service Management Institute.

**SPECIAL MILK PROGRAM**

For necessary expenses to carry out the special milk program, as authorized by section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772), \$18,089,000, to remain available through September 30, 1996. *[Only final reimbursement claims for milk submitted to State agencies within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary.]*

**SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR  
WOMEN, INFANTS, AND CHILDREN (WIC)**

For necessary expenses to carry out the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), \$3,470,000,000, to remain available through September 30, 1996, of which up to \$5,500,000 \$8,000,000 may be used to carry out the [farmer's] farmers' market coupon program: *Provided*, That none of the funds in this Act shall be available to pay administrative expenses of WIC clinics except those that have an announced policy of prohibiting smoking within the space used to carry out the program: *Provided further*, That no State will incur an interest liability to the Federal Government on WIC rebate funds provided that all interest earned by the State on these funds is used for program purposes].

**COMMODITY SUPPLEMENTAL FOOD PROGRAM**

For necessary expenses to carry out the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), including not less than \$8,000,000 for the projects in Detroit, New Orleans, and Des Moines, \$94,500,000, to remain available through September 30, 1996: *Provided*, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program.

**FOOD STAMP PROGRAM**

**(INCLUDING TRANSFERS OF FUNDS)**

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011-2029), \$28,817,457,000 \$28,830,710,000: *Provided*, That funds provided herein shall remain available through September 30, 1995, in accordance with section 18(a) of the Food Stamp Act: *Provided further*, That \$2,500,000,000 of the

foregoing amount shall be placed in reserve for use only in such amounts and at such times as may become necessary to carry out program operations: *Provided further*, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act: *Provided further*, That this appropriation shall be subject to any work registration or work fare requirements as may be required by law: *Provided further*, That \$1,143,000,000 of the foregoing amount shall be available for Nutrition Assistance for Puerto Rico as authorized by 7 U.S.C. 2028, of which \$12,472,000 shall be transferred to the Animal and Plant Health Inspection Service for the Cattle Tick Eradication Project: *Provided further*, That no funds provided herein shall be available to provide food assistance in cash in any county not covered by a demonstration project that received final approval from the Secretary on or before July 1, 1994.

**FOOD DONATIONS PROGRAMS FOR SELECTED  
GROUPS**

For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), section 4(b) of the Food Stamp Act (7 U.S.C. 2013(b)), section 601 of Public Law 96-597 (48 U.S.C. 1469d) and section 311 of the Older Americans Act of 1965, as amended (42 U.S.C. 3030a), \$183,154,000 \$188,404,000, to remain available through September 30, 1996.

For necessary expenses to carry out section 110 of the Hunger Prevention Act of 1988, \$40,000,000.

**THE EMERGENCY FOOD ASSISTANCE PROGRAM**

For necessary expenses to carry out the Emergency Food Assistance Act of 1983, as amended, \$40,000,000: *Provided*, That, in accordance with section 202 of Public Law 98-92, these funds shall be available only if the Secretary determines the existence of excess commodities.

*[For purchases of commodities to carry out the Emergency Food Assistance Act of 1983, as amended, \$40,000,000.]*

**FOOD PROGRAM ADMINISTRATION**

For necessary administrative expenses of the domestic food programs funded under this Act, \$106,465,000; of which \$5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109.

**TITLE V—FOREIGN ASSISTANCE AND  
RELATED PROGRAMS**

**FOREIGN AGRICULTURAL SERVICE**

**(INCLUDING TRANSFERS OF FUNDS)**

For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954, as amended (7 U.S.C. 1761-1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$128,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), \$118,011,000, of which \$4,914,000 may be transferred from Commodity Credit Corporation funds, \$2,792,000 may be transferred from the Commodity Credit Corporation Program Account in this Act, and \$1,425,000 may be

transferred from the Public Law 480 Program Account in this Act: *Provided*, That in addition, funds available to the Department of Agriculture shall be available to assist an international organization in meeting the costs, including salaries, fringe benefits and other associated costs, related to the employment by the organization of Federal personnel that may transfer to the organization under the provisions of 5 U.S.C. 3581-3584, or of other well-qualified United States citizens, for the performance of activities that contribute to increased understanding of international agricultural issues, with transfer of funds for this purpose from one appropriation to another or to a single account authorized, such funds remaining available until expended: *Provided further*, That the Service may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements executed pursuant to the agricultural food production assistance programs (7 U.S.C. 1736) and the foreign assistance programs of the International Development Cooperation Administration (22 U.S.C. 2392).

None of the funds in the foregoing paragraph shall be available to promote the sale or export of tobacco or tobacco products.

#### SCIENTIFIC ACTIVITIES OVERSEAS (FOREIGN CURRENCY PROGRAM)

##### LIMITATION ON ADMINISTRATIVE EXPENSES

For payments in foreign currencies owed to or owned by the United States for research activities authorized by section 104(c)(7) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(c)(7)), not to exceed \$1,062,000: *Provided*, That not to exceed \$25,000 of these funds shall be available for payments in foreign currencies for expenses of employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.

#### PUBLIC LAW 480 PROGRAM ACCOUNTS

##### (INCLUDING TRANSFERS OF FUNDS)

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691, 1701-1715, 1721-1726, 1727-1727f, 1731-1736g), as follows: (1) \$291,342,000 for Public Law 480 title I credit, including Food for Progress programs; (2) \$29,000,000 is hereby appropriated for ocean freight differential costs for the shipment of agricultural commodities pursuant to title I of said Act and the Food for Progress Act of 1985, as amended; (3) \$821,100,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title II of said Act; and (4) \$157,442,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title III of said Act: *Provided*, That not to exceed 15 per centum of the funds made available to carry out any title of said Act may be used to carry out any other title of said Act: *Provided further*, That such sums shall remain available until expended (7 U.S.C. 2209b).

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct credit agreements as authorized by the Agricultural Trade Development and Assistance Act of 1954, as amended, and the Food for Progress Act of 1985, as amended, including the cost of modifying credit agreements under said Act, \$236,162,000.

In addition, for administrative expenses to carry out the Public Law 480 title I credit

program, and the Food for Progress Act of 1985, as amended, to the extent funds appropriated for Public Law 480 are utilized, \$2,461,000.

#### SHORT-TERM EXPORT CREDIT

The Commodity Credit Corporation shall make available not less than \$5,000,000,000 in credit guarantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).

#### INTERMEDIATE EXPORT CREDIT

The Commodity Credit Corporation shall make available not less than \$500,000,000 in credit guarantees under its export guarantee program for intermediate-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 211(b)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).

#### EMERGING DEMOCRACIES EXPORT CREDIT

The Commodity Credit Corporation shall make available not less than \$200,000,000 in credit guarantees under its Export Guarantee Program for credit expended to finance the export sales of United States agricultural commodities and the products thereof to emerging democracies, as authorized by section 1542 of Public Law 101-624 (7 U.S.C. 5622 note).

#### COMMODITY CREDIT CORPORATION EXPORT

##### LOANS PROGRAM ACCOUNT

##### (INCLUDING TRANSFERS OF FUNDS)

For administrative expenses to carry out CCC's Export Guarantee Program, GSM 102 and GSM 103, \$3,381,000; to cover common overhead expenses as permitted by section 11 of the Commodity Credit Corporation Charter Act and in conformity with the Federal Credit Reform Act of 1990, of which not to exceed \$2,792,000 may be transferred to and merged with the appropriation for the salaries and expenses of the Foreign Agricultural Service, and of which not to exceed \$589,000 may be transferred to and merged with the appropriation for the salaries and expenses of the Agricultural Stabilization and Conservation Service.

#### TITLE VI—RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION

##### DEPARTMENT OF HEALTH AND HUMAN SERVICES

##### FOOD AND DRUG ADMINISTRATION

##### SALARIES AND EXPENSES

For necessary expenses of the Food and Drug Administration, including hire and purchase of passenger motor vehicles; for rental of special purpose space in the District of Columbia or elsewhere; and for miscellaneous and emergency expenses of enforcement activities, authorized and approved by the Secretary and to be accounted for solely on the Secretary's certificate, not to exceed \$25,000; [\$914,394,000] \$767,156,000, of which not to exceed \$79,423,000 in fees pursuant to section 736 of the Federal Food, Drug, and Cosmetic Act may be credited to this appropriation and remain available until expended: *Provided*, That fees derived from applications received during fiscal year 1995 shall be subject to the fiscal year 1995 limitation: *Provided further*, That none of these funds shall be used to develop, establish, or operate any program of user fees authorized by 31 U.S.C. 9701.]

[None of the funds in this Act may be used to enforce rules or regulations for a selenium supplement level in animal feeds below 0.3 parts per million.]

In addition, of the foregoing amount such sums as may be necessary may be used for the inspection of mammography facilities, notwithstanding section 354(r) of the Public Health Service Act. Fees collected under said Act shall be credited to the foregoing account and shall remain available until expended.

*In addition, \$150,800,000, to be credited to this appropriation, from fees established and collected to cover the costs of regulation of products under the jurisdiction of the Food and Drug Administration, to remain available until expended.*

*None of the funds in this Act may be used to enforce the permitted levels and conditions of use for the nutrient selenium, as revised in the Federal Register for September 13, 1993. The permitted levels and conditions of use for the nutrient selenium are deemed to be the levels and conditions set forth in section 573.920 of title 21, Code of Federal Regulations, prior to September 13, 1993, unless and until the Commissioner determines that the use of selenium at those levels results in a direct and significant adverse effect on the quality of the environment.*

[In addition to amounts provided, proceeds from the sale of any animals that are surplus to FDA's needs shall be retained by the Food and Drug Administration and credited to the salaries and expenses appropriation for 1995.]

#### BUILDINGS AND FACILITIES

For plans, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of or used by the Food and Drug Administration, where not otherwise provided, [\$18,150,000] \$3,350,000, to remain available until expended (7 U.S.C. 2209b): *Provided*, That the Food and Drug Administration may accept donated land in Montgomery and/or Prince George's Counties, Maryland.

#### RENTAL PAYMENTS (FDA)

##### (INCLUDING TRANSFERS OF FUNDS)

For payment of space rental and related costs pursuant to Public Law 92-313 for programs and activities of the Food and Drug Administration which are included in this Act, \$46,294,000: *Provided*, That in the event the Food and Drug Administration should require modification of space needs, a share of the salaries and expenses appropriation may be transferred to this appropriation, or a share of this appropriation may be transferred to the salaries and expenses appropriation, but such transfers shall not exceed 5 per centum of the funds made available for rental payments (FDA) to or from this account.

#### DEPARTMENT OF THE TREASURY

##### FINANCIAL MANAGEMENT SERVICE

##### PAYMENTS TO THE FARM CREDIT SYSTEM

##### FINANCIAL ASSISTANCE CORPORATION

For necessary payments to the Farm Credit System Financial Assistance Corporation by the Secretary of the Treasury, as authorized by section 6.28(c) of the Farm Credit Act of 1971, as amended, for reimbursement of interest expenses incurred by the Financial Assistance Corporation on obligations issued through 1994, as authorized, \$57,026,000.

#### INDEPENDENT AGENCIES

##### COMMODITY FUTURES TRADING COMMISSION

For necessary expenses to carry out the provisions of the Commodity Exchange Act, as amended (7 U.S.C. 1 et seq.), including the purchase and hire of passenger motor vehicles; the rental of space (to include multiple year leases) in the District of Columbia and elsewhere; and not to exceed \$25,000 for employment under 5 U.S.C. 3109; [\$47,480,000]

\$50,809,000, including not to exceed \$1,000 for official reception and representation expenses: *Provided*, That the Commission is authorized to charge fees to cover the cost of Commission-sponsored educational events and symposia, and notwithstanding 31 U.S.C. 3302, said fees shall be credited to this account, to be available without further appropriation.

#### FARM CREDIT ADMINISTRATION

##### LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed \$40,420,000 (from assessments collected from farm credit institutions and from the Federal Agricultural Mortgage Corporation) shall be obligated during the current fiscal year for administrative expenses as authorized under 12 U.S.C. 2249.

##### TITLE VII—GENERAL PROVISIONS

SEC. 701. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Agriculture for the fiscal year 1995 under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed 706 passenger motor vehicles, of which 705 shall be for replacement only, and for the hire of such vehicles.

SEC. 702. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901-5902).

SEC. 703. Not less than \$1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946, and July 28, 1954, and (7 U.S.C. 427, 1621-1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

SEC. 704. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed \$2,000,000: *Provided*, That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

SEC. 705. New obligational authority provided for the following appropriation items in this Act shall remain available until expended (7 U.S.C. 2209b): Animal and Plant Health Inspection Service, the contingency fund to meet emergency conditions, and Integrated Systems Acquisition Project; Agricultural Stabilization and Conservation Service, salaries and expenses funds made available to county committees; Foreign Agricultural Service, Middle-Income Country Training Program; higher education graduate fellowships grants under section 1417(b)(6) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(6)); and capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University.

New obligational authority for the Boll Weevil Program; up to 10 per centum of the Screwworm Program of the Animal and Plant Health Inspection Service; funds appropriated for Rental Payments; and higher education minority scholars programs under section 1417(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(5)) shall remain available until expended.

SEC. 706. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 707. Not to exceed \$50,000 of the appropriations available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94-449.

SEC. 708. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 per centum of the total direct cost of the agreement when the purpose of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

SEC. 709. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

SEC. 710. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year 1994 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.

SEC. 711. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.

SEC. 712. None of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research Service that exceed 14 per centum of total Federal funds provided under each award.

SEC. 713. Notwithstanding any other provisions of this Act, all loan levels provided in this Act shall be considered estimates, not limitations.

SEC. 714. Appropriations to the Department of Agriculture for the cost of direct and guaranteed loans made available in fiscal year 1995 shall remain available until expended to cover obligations made in fiscal year 1995 for the following accounts: Rural Development Insurance Fund Program Account; Rural Development Loan Fund Program Account; the Rural Telephone Bank Program Account; the Rural Electrification and Telephone Loans Program Account; and the REA Economic Development Loans Program Account.

SEC. 715. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a Market Promotion Program pursuant to section 203 (7 U.S.C. 5623) of the Agricultural Trade Act of 1978, with respect to

tobacco or if the aggregate amount of funds and/or commodities under such program exceeds \$90,000,000 zero dollars.

SEC. 716. None of the funds appropriated or otherwise made available by this Act shall be used to enroll in excess of 100,000 acres in the fiscal year 1995 Wetlands Reserve Program, as authorized by 16 U.S.C. 3837.

SEC. 717. None of the funds appropriated or otherwise made available by this Act shall be used to enroll additional acres in the Conservation Reserve Program authorized by 16 U.S.C. 3831-3845.

SEC. 718. Such sums as may be necessary for fiscal year 1995 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

[SEC. 719. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a-10c; popularly known as the "Buy American Act").

[(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

[(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

[(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

[(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

[SEC. 720. Notwithstanding the Federal Grant and Cooperative Agreement Act, marketing services of the Agricultural Marketing Service may use cooperative agreements to reflect a relationship between Agricultural Marketing Service and a State or Co-operator to carry out agricultural marketing programs.]

SEC. 721. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out an export enhancement program (estimated to be \$1,000,000,000 in the President's fiscal year 1995 Budget Request (H. Doc. 103-179)) if the aggregate amount of funds and/or commodities under such program exceeds \$850,000,000.

[SEC. 722. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a sunflower and cottonseed oil export program authorized by section 1541 of Public Law 101-624 if the aggregate amount of funds and/or commodities under such program exceeds \$27,000,000.]

SEC. 723. (a) None of the funds appropriated or otherwise made available by this Act shall

be used by the Secretary of Agriculture to provide a total amount of payments to a person to support the price of honey under section 207 of the Agricultural Act of 1949 (7 U.S.C. 1446h) and section 405A of such Act (7 U.S.C. 1425a) in excess of \$0 in the 1994 crop year.

(b) Notwithstanding any other provision of this Act, none of the funds appropriated or otherwise made available by this Act shall be used by the Secretary of Agriculture to provide for a total amount of payments and/or total amount of loan forfeitures to a person to support the price of honey under section 207 of the Agricultural Act of 1949 (7 U.S.C. 1446h) and section 405A of such Act (7 U.S.C. 1425a) in excess of zero dollars in the 1994 crop year.

SEC. 724. None of the funds in this Act may be used by the Secretary of Agriculture to warrant to the Secretary of the Treasury a payment out of the Treasury of the United States for purposes specified in the tenth and eleventh paragraphs under the heading "Emergency Appropriations" of the Act of March 4, 1907 (7 U.S.C. 321, et seq.): *Provided*, That \$2,850,000 is hereby appropriated for higher education challenge grants under section 1417(b)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(1)), including administrative expenses.

SEC. 725. None of the funds made available in this Act for the Food Stamp Program may be used in violation of 7 U.S.C. sec. 2015(f) or of any applicable Federal law or regulation of the United States.

SEC. 726. None of the funds made available in this Act for the Conservation Reserve Program may be used in violation of 7 CFR 1498.4(a) or of any applicable Federal law or regulation of the United States.

SEC. 727. None of the funds made available in this Act for the Wetlands Reserve Program may be used in violation of 7 CFR 1498.4(a) or of any applicable Federal law or regulation of the United States.

SEC. 728. None of the funds made available in this Act for the Agricultural Water Quality Protection Program may be used in violation of 7 CFR 1498.4(a) or of any applicable Federal law or regulation of the United States.

SEC. 729. None of the funds made available in this Act for Integrated Farm Management Program Option may be used in violation of 7 CFR 1498.4(a) or of any applicable Federal law or regulation of the United States.

SEC. 730. None of the funds made available in this Act for Farm Labor Housing Grants (section 516) may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 731. None of the funds made available in this Act for Rural Housing Loans (section 502) may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 732. None of the funds made available in this Act for Rural Rental Housing Loans (section 515) may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 733. None of the funds made available in this Act for Rural Rental Assistance Payments (section 521) may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 734. None of the funds made available in this Act for Rural Housing Self-Help Technical Assistance Grants may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 735. None of the funds made available in this Act for Rural Housing Site Loans (sections 523 and 524) may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 736. None of the funds made available in this Act for Farm Labor Housing Loans and Grants may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 737. None of the funds made available in this Act for Rural Rental Housing Loans may be used in violation of 7 CFR 1944.9(c) or of any applicable Federal law or regulation of the United States.

SEC. 738. None of the funds made available in this Act for Farm Ownership Loans may be used in violation of 7 CFR 1943.12(a)(1) or of any applicable Federal law or regulation of the United States.

SEC. 739. None of the funds made available in this Act for Emergency Loans may be used in violation of 7 CFR 1945.162(b)(1) or of any applicable Federal law or regulation of the United States.

SEC. 740. None of the funds made available in this Act for Farm Operating Loans may be used in violation of 7 CFR 1941.12(a)(1) or of any applicable Federal law or regulation of the United States.]

SEC. 741. *Notwithstanding section 715 of this Act, none of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a Market Promotion Program pursuant to section 203 (7 U.S.C. 5623) of the Agricultural Trade Act of 1978, with respect to tobacco or if the aggregate amount of funds and/or commodities under such program exceeds \$90,000,000: Provided, That the appropriated levels provided in this Act for the following accounts shall be reduced by 1.5 percent:*

*Office of the Secretary.  
Office of Budget and Program Analysis.  
Chief Financial Officer.  
Office of the Assistant Secretary for Administration.  
Advisory Committees (USDA).  
Departmental Administration.  
Office of the Assistant Secretary for Congressional Relations.  
Office of Communications.  
Office of the Inspector General.  
Office of the Assistant Secretary for Economics.  
Economic Research Service.  
National Agricultural Statistics Service.  
World Agricultural Outlook Board.  
Office of the Assistant Secretary for Science and Education.  
Office of the Assistant Secretary for Marketing and Inspection Services.  
Animal and Plant Health Inspection Service, Salaries and Expenses.  
Agricultural Stabilization and Conservation Service, Salaries and Expenses.  
Soil Conservation Service, Conservation Operations.  
Rural Housing Insurance Fund Program Account, Administrative Expenses.  
Agricultural Credit Insurance Fund Program Account, Administrative Expenses.  
Rural Development Insurance Fund Program Account, Administrative Expenses.  
Rural Development Loan Fund Program Account, Administrative Expenses.  
Farmers Home Administration, Salaries and Expenses.  
Rural Electrification and Telephone Loans Program Account, Administrative Expenses.  
Rural Telephone Bank Program Account, Administrative Expenses.  
Office of the Assistant Secretary for Food and Consumer Services.*

*Food and Drug Administration, Salaries and Expenses.*

This Act may be cited as the "Agricultural, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1995".

Mr. BUMPERS. Madam President, I am pleased to present the fiscal year 1995 appropriations bill for agriculture, rural development, and related agencies.

The bill totals \$67.98 billion in new obligatory authority. Under CBO scoring, the bill includes \$13.29 billion in discretionary authority and \$54.61 billion in mandatory spending.

I might stop to digress, and say that we had over 1,100 requests from Members of the Senate for various things in their States.

I would just like to say at this point that out of the almost \$68 billion in new obligatory authority, we only had jurisdiction in the committee of a little over \$13 billion. The rest of it is mandatory spending over which we have very little control.

Included in this mandatory total is \$28.8 billion for food stamps, an increase of \$694.1 million; \$15.5 billion for the Commodity Credit Corporation reimbursement of losses; \$7.5 billion for child nutrition programs; and \$1.8 billion for the Conservation Reserve Program and the Wetlands Reserve Program. Mandatory programs account for 80.4 percent of our total bill.

In terms of the subcommittee's 602(b) allocation for discretionary funds, we have just met that allocation. Any amendments—let me emphasize to all of my colleagues who are listening or watching—any amendment that adds money to this bill or increases its cost in any way must be offset by an equal amount or they will be subject to a budget point of order.

On the issue of nutrition programs, the bill contains a total of \$40.2 billion for food programs including WIC, food stamps, child nutrition, food donations, and emergency feeding. This amount represents 59.2 percent of the total bill. These programs by and large benefit the urban areas of the country because that is where the people are. It really is somewhat of a misnomer to call this a bill for rural America when you consider how much of it is for urban areas.

To highlight some of the programs in the bill, let me first mention the Women, Infants, and Children Program which is our top priority. It has received by far the largest increase of any program in the bill. For WIC, which is the acronym for Women, Infants, and Children, we are providing \$3.470 billion, which is a \$260 million increase over last year, or an increase of 8.1 percent.

Other increases in the 1993 level of funding are few. In addition to the WIC and food stamp programs, we have provided an increase of \$26.5 million for the Wetlands Reserve Program in order

to enroll 100,000 acres as opposed to the 75,000 acres being enrolled this year, 1994. Rental assistance is increased by \$76.3 million in order to meet the estimated renewals and servicing of contracts. An increase of \$17.2 million is provided for the Food Safety and Inspection Service in order to provide better meat and poultry inspection and to fund the Secretary's Pathogen Reduction Program.

Finally, Madam President, the bill includes an increase of \$142.7 million in water and sewer loans and \$12.5 million in water and sewer grants.

Perhaps more significant are the decreases contained in the bill. Rural housing loans are cut by \$603.5 million. Now, that is a big cut in a program that I believe in strongly. Farm loans are cut by \$433.6 million, and conservation programs are cut by \$323.4 million. The conservation reductions include the elimination of a lot of programs—the Water Bank Program, the Forestry Incentives Program, the Colorado River Salinity Control Program, and the Emergency Conservation Program. No new signups will be allowed under the Conservation Reserve Program and as mentioned earlier the Wetlands Reserve Program is limited to 100,000 acres.

The Public Law 480 program is reduced by \$239.8 million. The Crop Insurance Program is cut by \$217 million.

We have basically thrown that program into the lap of the authorizing committee, and I do not know what is going to happen to it after that. Food donation programs are reduced by \$110.3 million including the elimination of commodity purchases for the Emergency Food Assistance Program, commonly referred to as TEFAP, and over the next 48 hours, Madam President, you will hear TEFAP mentioned a lot as well as other programs such as MPP. And REA loans are cut by \$66.3 million.

In addition, virtually all the salaries and expense accounts are reduced from the 1994 level. Of particular note is the cut of \$14.5 million for the Agriculture Stabilization and Conservation Service, the agency that administers all the Federal farm programs, including disaster assistance, and the cut of \$17 million to the Farmers Home Administration, the agency that administers all the farm, rural housing, and rural development loan and grant programs.

But that is not all, Madam President. The subcommittee over my objection, I admit, decided to fund the Market Promotion Program at \$90 million. Now, that is the MPP program I mentioned previously. I wanted to zap that program to zero, but I was overruled in the subcommittee and there is now \$90 million for the program. In order to do that, one of the members who offered the amendment to restore that program found an offset by taking 1.5 percent from 27 different accounts in the bill including ASCS and the Farmers

Home Administration. That is a 1.5-percent cut in their salaries and expenses. So the cuts that we already made in those accounts are reduced still further.

We had cut those programs by \$17 million, and we are taking another 1.5 percent in order to fund this Market Promotion Program.

That is a bad way to legislate, in my opinion. Sometimes necessity dictates that we cut across the board because you cannot get people to agree on a specific way of cutting. You can always hide behind an across-the-board cut. I have done it myself. I am not posturing. I am just saying generally it is not a very good way to legislate.

Madam President, I am afraid people do not realize the effect that this additional cut is going to have on the ability of the Farmers Home Administration, ASCS, and a whole host of others to carry out the programs because we had already cut them very dramatically.

Like the House bill, this bill caps the Export Enhancement Program at \$850 million. That is the program where we subsidize exports in order to compete with other nations. We set it at \$850 million, and that is a flat \$150 million from the President's request of \$1 billion.

Finally, Madam President, I wish to make special mention of what we did for the Food and Drug Administration. We provided a \$54.8 million increase over the 1994 level, and that is exactly what the President requested. And the President proposed to allow the Food and Drug Administration to collect \$252 million in new user fees. User fees are for those pharmaceutical companies that apply to the FDA for a license to sell new pharmaceuticals, and so on. The bill recommends that FDA generate not the \$252 million the President said they could generate; we only recommended \$150.8 million. The recommendation was particularly troublesome for the subcommittee and for me because I do question the Food and Drug Administration's ability to collect such an amount in time to be used in the 1995 budget. It is also unknown how the fees are going to be levied, how much they will be, and whom they will affect.

The administration's request has no specific plan that I know of for implementing these fees. However, the fiscal constraints with which we are faced forced us to comply in part with the budget request.

Madam President, I commend the bill to my colleagues and I ask for their support.

Let me just say one additional thing. Senator COCHRAN and I will join in offering an amendment at the right time to fund such sums as are necessary to take care of the tremendous disaster that Alabama, Georgia, and Florida have just experienced in not quite un-

precedented flooding but terrible flooding which has cost the farmers of that area a lot of lost crops and the communities a lot of loss of facilities.

Madam President, I would like to also say I am indebted to my distinguished colleague, Senator COCHRAN, for his cooperation and tremendous help in crafting a bill under very difficult circumstances. We are roughly \$650 million below a freeze. I said in the Appropriations Committee the other day, Senators—again, I am not posturing because I have probably done it, too—we have a tendency to come on the floor and grandstand by saying, "I think we ought to free spending." I would be tickled to death to vote for freezes in the future, because we are \$650 million below a freeze. I can tell you—and I am not saying this on my behalf; I am saying it on behalf of virtually every subcommittee chairman of the appropriations subcommittees—they have all had a very difficult time coming in within the allotment given to them under the Budget Act.

I yield the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. COCHRAN], is recognized.

Mr. COCHRAN. Madam President, I am pleased to join my distinguished colleague from Arkansas in presenting for the Senate's consideration today, H.R. 4554, the fiscal year 1995 Agriculture, rural development, Food and Drug Administration, and related agencies appropriations bill.

This bill provides fiscal year 1995 funding for all programs and activities of the U.S. Department of Agriculture—with the exception of the U.S. Forest Service—all programs of the Food and Drug Administration, the Commodity Future Trading Commission, and expenses and payments of the farm credit system.

As reported, this bill recommends total appropriations of \$67.978 billion for the fiscal year beginning October 1, 1995. This is roughly \$4.1 billion below the total fiscal year 1994 enacted level, and \$450 million below the total fiscal year 1995 budget request of the President.

I point out that \$40.3 billion, or 59.2 percent, of the total recommended by this bill will go to funding the Nation's domestic food assistance programs. These programs include Food Stamps, the National School Lunch, and Elderly Feeding Programs, and the Supplemental Feeding Program for Women, Infants and Children, referred to as WIC.

Including congressional budget scorekeeping adjustments and prior-year spending actions, this bill recommends total discretionary spending of \$13.292 billion in budget authority and \$13.850 billion in outlays for fiscal year 1995. These amounts are \$525 million below the subcommittee's 602(b)

discretionary budget authority allocation and consistent with its discretionary outlay allocation.

As my colleagues will note, we have underspent the subcommittee's budget authority allocation for discretionary spending by over \$500 million to keep the bill within its total discretionary spending outlay allocation. This outlay allocation is \$95 million lower than that received by our counterpart House Subcommittee, close to \$400 million below the fiscal year 1994 enacted level, and \$500 million less than the President's request level including new FDA user fee savings.

The bill we submit meets that outlay target, but it has not been easy. Reduced funding is recommended for a number of programs important to agriculture and to rural America. Few funding increases are recommended. Most programs are funded at or below the fiscal year 1994 level.

Only two major funding increases above current levels are recommended in this bill. One is an increase of \$260 million, the same as contained in the House bill, to maintain our commitment to achieve full funding of the WIC Program. Also, there is an increase of \$76 million for rural housing rental assistance to meet the estimated costs of contract renewal and servicing requirements.

Other more modest increases include an additional \$17.2 million to continue the efforts of the Food Safety and Inspection Service to assure the safety of our Nation's food supply; an additional \$26 million to enroll an additional 100,000 acres in the Wetlands Reserve Program; and \$33 million as an increase to provide more water and sewer loan and grant assistance to rural communities.

Savings of \$234 million are recommended in appropriations for the Federal Crop Insurance Program. This is the same as the House bill level and assumes adoption of crop insurance reform, as proposed by the President. With the exception of increased funding for the Wetlands Reserve Program, the bill reduces total funding for agriculture conservation programs managed by the Agricultural Stabilization and Conservation Service and the Soil Conservation Service by a total of approximately \$611 million. This includes a 34-percent reduction in funding level for watershed and flood prevention operations; a 51-percent reduction in funding for the agricultural conservation program; and elimination of funding for the Water Bank and Forestry Incentives Programs.

The Watershed and Flood Prevention Operations Program has fostered a beneficial partnership between the Federal and State and local governments to prevent erosion damage and to properly protect and conserve watersheds and flood-prone areas. The President proposed to terminate this program be-

ginning in fiscal year 1995. This bill recommends \$75 million, \$146 million below the fiscal year 1994 appropriations level, for the program. While I would have preferred to maintain the program at its current funding level, this bill provides at least minimal funding to continue work on ongoing projects in fiscal year 1995.

I regret that the bill contains no funding at all for the Forestry Incentives Program. The Forestry Incentives Program, which aims to increase the Nation's supply of timber products from private, nonindustrial forest lands, has been a very beneficial program. The program encourages landowners to plant trees on suitable open lands or cut-over areas and to perform timber stand improvement work for production of timber and other related forest resources. Private nonindustrial landowners control the majority of forest lands in the Nation, but these lands are not fully utilized. Many landowners do not have the funds to make long-term investments in developing and improving forest areas. The Forestry Incentives Program is designed to share this expense with private, eligible landowners. It is my hope that the Senate will be able to recede in conference to the House bill position, which recommends funding be continued for this program.

The bill also recommends a total reduction of \$603 million below last year's level for rural housing loan authorizations; a reduction of \$301 million in farm operating and farm ownership loan authorizations; and a reduction of \$554 million in Rural Electrification Administration loan program authorizations.

Public Law 480 loan authorizations are reduced \$240 million below fiscal year 1994 levels. Other savings come from a \$10 million reduction in funding for the Market Promotion Program; elimination of funding for the Emergency Food Assistance Program commodity purchases; and a limitation of \$850 million on Export Enhancement Program subsidies.

The bill also provides the \$52.8 million increase in overall funding requested by the President for salaries and expenses of the Food and Drug Administration. But this includes \$150.8 million of the \$252 million in new user fee collections assumed in the President's budget.

The President's budget proposes \$24 million in collections from the new user fee on medical devices and \$228 million in collections from new user fees on FDA-regulated activities.

Such fees constitute a major policy change, and it is my view that they require separate authorization. Collections from new FDA user fees should not be assumed in an appropriations bill, as the President proposes.

The administration included new user fee collections in its FDA request

last year. It did not submit a legislative proposal to establish these new user fees, despite clear indications from this committee and the authorizing committee of jurisdiction that it should do so. Again, this year, no legislative proposal has been submitted by the administration to back up its budget proposal. In fact, administration officials are reticent in answering questions or explaining the President's new FDA policy on user fees. They cannot tell the Congress how FDA will levy the fees assumed in the budget, what the fees will be, or who they will affect.

This subcommittee faces a declining share of resources available for discretionary spending programs that are very important to agriculture, to rural America, and to those who need assistance in dealing with their own nutrition needs.

This subcommittee cannot continue to save the FDA from these new user fees by making offsetting cuts in those other programs and activities under the jurisdiction of this subcommittee.

Only \$13 billion of the \$68 billion recommended in this bill is discretionary spending, subject to the annual control of the committee. Funding for almost all agriculture and rural development programs in this bill has been reduced below current levels to meet the subcommittee's lower discretionary spending allocation. Further cuts have been necessary to offset the few increases provided, including the additional \$260 million for WIC. Furthermore, the subcommittee was able to reduce funding to avoid \$100 million of the \$252 million in new user fee collections used by the administration to reduce FDA's appropriations request.

These have all been very difficult decisions, Madam President. I do not agree with all of them. But, on balance, I believe that the bill we submit to the Senate today represents a reasonable compromise among the many programs competing for the limited resources available to this subcommittee.

I sincerely commend the distinguished chairman of the subcommittee, Senator BUMPERS, for his leadership and hard work on this bill. He has made an effort to accommodate the interests of all Senators in this bill, including those on this side of the aisle, and under very difficult circumstances. It is not easy to be responsive or as generous as one would want to be to the needs of the agencies and the interests which fall under the jurisdiction of this subcommittee, given the allocation of funds that are available. But I believe given the resource constraints, this is a good bill on whole, and I ask my colleagues to give it their very favorable consideration.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Madam President, I thank my distinguished ranking member and colleague, Senator COCHRAN,

for his very kind and overly generous remarks. We have indeed had an excellent working relationship. I daresay this: It could not be better.

His suggestions have been very helpful and thoughtful, and together we have tried to craft a bill under unbelievably difficult circumstances, as pointed out in my early comments.

Mr. SASSER. Madam President, the Senate Budget Committee has examined H.R. 4554, the Agriculture appropriations bill and has found that the bill is under its 602(b) budget authority allocation by \$525 million and under its 602(b) outlay allocation by \$87,000.

I compliment the distinguished manager of the bill, Senator BUMPERS, and the distinguished ranking member of the agriculture subcommittee, Senator COCHRAN on all of their hard work.

Madam President, I have a table prepared by the Budget Committee which shows the official scoring of the Agriculture appropriations bill and I ask unanimous consent that it be inserted in the RECORD at the appropriate point.

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

SENATE BUDGET COMMITTEE SCORING OF H.R. 4554—  
FISCAL YEAR 1995 AGRICULTURE APPROPRIATIONS—  
SENATE-REPORTED BILL

(Dollars in millions)

Bill summary	Budget authority	Outlays
<b>Discretionary totals:</b>		
New spending in bill	13,292	9,653
Outlays from prior years appropriations		4,239
Permanent/advance appropriations	0	0
Supplementals	0	-42
Subtotal, discretionary spending	13,292	13,850
<b>Mandatory totals</b>	44,721	36,385
<b>Bill total</b>	58,013	50,235
Senate 602(b) allocation	58,538	50,235
Difference	-525	-*
<b>Discretionary totals above (+) or below (-):</b>		
President's request	-562	-267
House-passed bill	-38	-94
Senate-reported bill		
Senate-passed bill		
Defense	0	0
International affairs	1,246	1,348
Domestic discretionary	12,046	12,502

COMMITTEE AMENDMENTS

Mr. BUMPERS. Madam President, I now ask unanimous consent that the committee amendments, with the exception of those I will list, be agreed to en bloc, and that the bill as thus amended, be regarded for the purpose of amendment as original text, provided that no point of order shall be waived by reason of the agreement to this request.

The exceptions are:

On page 10, line 24; on page 12, lines 14 through 17; on page 16, line 3; on page 16, lines 4 through 7; on page 32, lines 20 through page 33, line 16; on page 71, lines 21 through 25; on page 86, line 9 through page 88 line 12; and finally on page 80, line 10 through page 81, line 18.

Mr. COCHRAN. Madam President, the agreement has been cleared on this side of the aisle. We have no objection.

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

The committee amendments were agreed to en bloc, except the following:

On page 10, line 24; on page 12, lines 14 through 17; on page 16, line 3; on page 16, lines 4 through 7; on page 32, lines 20 through page 33, line 16; on page 71, lines 21 through 25; on page 86, line 9 through page 88 line 12; and finally on page 80, line 10 through page 81, line 18.

Mr. BUMPERS. Madam President, let me say also for the benefit of my colleagues, this is a Monday. There are possibly Senators out of town, which is their prerogative, because we are not going to have any rollcall votes today. But I am hoping that some of our colleagues will not use this as a reason for procrastinating in offering their amendments.

I am not very crazy about stacking votes, but we need to finish this bill sometime tomorrow, the earlier the better. There is not any way to do that unless the amendments to be proposed by Senators are offered so they can be debated, rollcall votes called for, or whatever.

Second, I want to say that there are eight exceptions to committee amendments, most of those by the same Senator. But that is immaterial to me. I do not mind Senators asking me to except amendments from the committee amendments to be considered. They are going to be the pending business, and my point is simply this: If at some reasonable time the Senators who have objected to these amendments are not here to state their objections or offer striking amendments or whatever other kind of amendment they want to make, at some point I am going to start moving to adopt those amendments so we can finish this bill tomorrow night.

I do not mean to be harsh about it. It is just that Senator COCHRAN and I have worked long and hard to craft this bill. It is time now for the Senate to debate it and work its will. I do not have any interest in sitting here for hours on end waiting and hoping that some Senator will show up with an amendment, because Senator COCHRAN and I are just like everybody else, we have a plateful, and we need to attend to our business.

I compliment the Senator from Nevada, who has a very important amendment and is here on the floor ready to offer it. I might also say I am going to accept that amendment. I am just saying other Senators ought to be prepared to come over and follow the Senator from Nevada when we complete debate on that amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. I thank the Chair.

Madam President, I ask unanimous consent that we set aside the pending amendments and proceed to the amendment on page 86, line 9, through page 88, line 12.

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

EXCEPTED COMMITTEE AMENDMENT ON PAGE 86,  
LINE 9, THROUGH PAGE 88, LINE 12

Mr. BRYAN. I thank the Chair.

Madam President, for my colleagues who are listening, this is a bit of an unusual procedure because I will not be offering an amendment, per se. My comments today deal with an objection to a committee amendment. So I am going to be speaking in opposition to a committee amendment that deals with a program that is familiar to, I know, the distinguished Senator from Mississippi, who serves as one of the floor managers today. I am talking about the Market Promotion Program.

Procedurally, I am going to be objecting to that part of the committee amendment that, in effect, continues funding the Market Promotion Program. My comments are addressed in opposition to the Market Promotion Program, with the hope that my colleagues may agree with me that this is a program which ought to be discontinued. In the current fiscal year it is funded at a level of \$99.5 million.

Madam President, let me give a little bit of the background because not everybody has had a chance to focus on this program.

The Market Promotion Program was created in 1986 to encourage development, maintenance, and expansion of exports of the U.S. agricultural products. It is a successor to an earlier program referred to as the Targeted Export Assistance Program known as TEA. TEA was created in 1985 to counter ostensibly the adverse effect of subsidies, import quotas, and other unfair trade practices of foreign competitors as it deals with agricultural exports.

Since 1986, more than \$1.35 billion has been spent for TEA and MPP.

The Market Promotion Program, Madam President, is operated through about 64 organizations that either run market promotion programs themselves or pass the funds along to companies to spend on their own market promotion efforts. For example, in fiscal year 1994 about 43 percent of all program activities involved generic promotions, that is agricultural programs by commodity whether we are talking about cotton or raisins or whatever the agricultural product is. Fifty-seven percent involved brand-name promotions, that is companies whose brand name is used to promote a particular product, the product which includes some agricultural product grown in the United States.

The General Accounting Office has pointed out that the entire Federal

Government spends about \$2.7 billion annually on export promotion. While agricultural products represent approximately 10 percent of entire U.S. exports, the Department of Agriculture spends about \$2 billion, or 75 percent, of the total. The Department of Commerce, for example, spends about \$195 million annually on trade promotion.

In 1992, the Foreign Agricultural Service, which is an agency within the Department of Agriculture, asked organizations to provide information on domestic and foreign ownership of commercial firms that have received money under MPP, the Market Promotion Program. Of the MPP funds \$92 million went to foreign-based firms for fiscal years 1986 through 1993. This amount represents nearly 20 percent of the total funds allocated for brand-name promotions during the 8-year period covered; that is, from 1986 to 1993. And while the goal of MPP is laudable—to benefit U.S. farmers—the program can also benefit other enterprises.

By funding foreign firms, the General Accounting Office believes that MPP can make it more difficult for U.S. firms to compete and attain a foothold in foreign markets. The funding of foreign companies may produce short-term gains in the exporting of U.S. agricultural commodities, but these gains may ultimately come at the expense of U.S. firms who are trying to compete in those markets and whose access to those markets is made more difficult as a result of the MPP program.

Now, let me just describe, in very broad terms, what we are talking about. We are talking about a program that historically received about \$200 million annually.

MPP funds go to advertising and promotion. And so, as the General Accounting Office has reviewed this program over the years—and I must say, Madam President, a very critical evaluation it is. First, a question arises. Why does this money go to some of the biggest companies in America: Do they really need taxpayer dollars? And that is the issue here, Madam President. All of this is taxpayer dollars. Your taxpayer dollars, Madam President, from your State of Illinois, and mine from Nevada, and each of us who serve as Members of this distinguished body, go to funding this program.

Authorized in the past at \$200 million, in the current fiscal year, the funding has been reduced to \$99.5 million and the amendment to which I object would put funding for fiscal year 1995 at \$90 million. So we are not talking about an inconsequential sum of money. We are talking about \$90 million in this budget.

Let me just indicate here, if I may, Madam President, where some of this money has gone.

This is a taxpayer subsidy. Some have referred to it as a corporate entitlement program.

But, as you can see, we are talking about companies the size of McDonald's, the hamburger people. I happen to love hamburgers, so there is no antagonism, no judgment made about their company in terms of the quality of its product or what it is trying to market. But it has received, over the 8-year period in question, from 1986 to 1993, the sum of \$1.42 million in taxpayers dollars.

McDonald's is no small company. Its net profits are approximately \$1.082 billion and its advertising budget is \$743 million a year. So we are talking about a company that has a huge advertising and promotion budget. No quarrel, no objection with that. That is a private-sector determination made by the management of McDonald's and there is no suggestion here to imply any criticism.

The criticism is, Does McDonald's, for example, deserve, and is it entitled to receive \$1.42 million of taxpayers dollars to supplement their advertising budget?

The same could be said with respect to Ralston-Purina, which receives \$1.17 million; Borden, \$344,000; ConAgra, \$638,000; Brown-Forman, \$2.41 million. These are just some of the biggest companies in America, and their advertising budgets are \$743 million, is being augmented by the \$393 million, \$135 million, \$200 million, and \$75 million, respectively. A lot of money.

The taxpayer dollars are what I object to. The purpose of my objecting to the amendment is to zero out this program. Some of my colleagues may recall that I took the floor unsuccessfully last year to make the same argument.

But the General Accounting Office has looked at this, as I said, with a very disdainful eye, and here are some of the observations that it makes with respect to the program.

First, under a category of what they call additionality, there is still no proof that the MPP funds—those are the taxpayer subsidies—are not simply replacing funds that would have already been spent anyway on advertising. USDA does not have any good data on the additionality. Commercial firms still have the opportunity to substitute MPP funds for promotional activities they would otherwise have undertaken on their own.

What we simply mean by that is, there is no indication that this dollar figure here, an advertising budget of \$743 million, is being augmented by the \$1.42 million in MPP funds? Are they simply substituting dollars that they would already have spent?

And the GAO, which has looked at this with a very critical eye, is saying there is no way for us to ascertain that indeed these taxpayer subsidies are in fact supplementing the advertising budgets as opposed to just substituting dollars that these major companies and various trade organizations would otherwise have spent.

As an example, they cite a firm with 14 years of export experience, requesting MPP funds for a total of 31 markets. In 8 of the markets, the firm had at least 10 years of promotional experience with their brand names prior to the participation in the MPP program. That is, this particular firm, which had extensive export experience, had been in the very market, had been extensively promoting it through its advertising budget before they applied for the program. And so there is no indication that, but for this MPP funding, they would not continue to be funding their advertising at the same level, if not more, even if this program did not exist.

Another example, which came by way of testimony offered in one of the committees in the other body a year or 2 ago, was the testimony of Ursula Hotchner. She is an official with Newman's Own; that is Paul Newman's food company. She testified that the company was asked why they did apply for TEA funding. She said, "I do not know." She said, "Someone from the Export Council called up one day from out of the blue asked why don't we take the money? They said all we had to do was to send in our advertising bills and they would reimburse us." Her response was, "Well, I figured, why not?"

Again, no indication, no baseline, no data indicating that, in this instance, this company is not just simply saying, "Look, if there are Federal dollars available to help us in our advertising, we will take the money and maybe we can back out that money to another area or take it to the bottom line." So that there is no data base, no hard data that the GAO can come up with to indicate that in point of fact the taxpayer subsidies are, in fact, supplementing the advertising budgets.

Another critical observation made by GAO is what it refers to as graduation. That is, once you are in the program, do you ever graduate, or are you there for life? Is it one of those things where you are in there in perpetuity, as the lawyers would say?

Now, there are new MPP regulations that require assistance to cease after 5 years. However, the 5-year clock starts running in 1994. This means that some companies will have been in the program for 13 years at the end of 1999. Thirteen years, Madam President, is certainly enough time to overcome any barriers in markets. Already 136 firms have participated in the program for 6 to 8 years, and have received the bulk funds indicated under their brand names.

This should not be a corporate entitlement program. Once the barrier to market a U.S. product in a foreign nation has been bridged, there is no decision to cease funding that particular company. Since 1986, the California Raisin Advisory Board has spent \$47.4

million nationwide for market development. Of that, \$9.4 million was spent specifically for development in the Japanese market. Currently, the California raisin exporters have about 80 percent of raisin imports in Japan. So, should the taxpayers be providing additional money to the California Raisin Advisory Board to promote the export of raisins to Japan? I do not think anybody here would have a quarrel with the concept that California agricultural products ought to be exported worldwide. I think all of us can agree with that. But should the taxpayers be paying additional money when they already have 80 percent of the market? Should that not be a private sector activity, and to give the taxpayers a break? Why should the rest of us, as taxpayers, be paying for additional advertising when, indeed, that market seems to be very effectively penetrated?

Another issue is evaluation. By that, we mean how do you draw a relationship between what Company A received in taxpayer subsidies the amount of exports by that particular company or that trade association have increased  $X$  number of dollars, or  $X$  number of percent? The General Accounting Office took a look at that issue. Here is what it has to say.

The GAO concludes that:

Taxpayers do not have reasonable assurances that the considerable public funds expended on export promotion are being effectively used to emphasize sectors and programs with the highest potential returns. MPP supporters use examples of increased exports. However, even if a brand name promotion effort results in identifiable increases in exports, unless FAS can convincingly demonstrate the promotion effort would not have been undertaken without MPP assistance, those increases in exports cannot be attributed to the program.

So we do not have a clear understanding that even when the money goes to the particular brand name, or the trade association, that indeed we are getting a bang for the taxpayer buck.

GAO further observes that:

Since 1986, there have been more than 100 participants in the program. Yet the Foreign Agriculture Service has completed only 12 program evaluations. Only 9 of 26 participants who have received over \$10 million have been evaluated.

Basically, the question is, what we are spending accomplishing anything? The answer, analytically—other than the anecdotal information that is provided—is we do not know. We do not know if the money was indeed targeted to the right sector in the foreign market or if, indeed, it made a difference that would not have otherwise come about, had the subsidy not been provided.

No. 4 is U.S. content. MPP regulations issued in August 1991 do not restrict the program participants to products that have 100-percent U.S.

content. So some of these products that are being subsidized do not contain 100-percent American product. They are supposed to have at least 50 percent of U.S. content by weight. But here again in an evaluation of the program, the GAO concludes there is no dependable data on the percent of U.S. content. FAS relies on statements made in the MPP application about U.S. content, and not-for-profit organizations rely on unverified statements regarding U.S. content from their branded participants. So the answer is we really do not know at this point what the U.S. content is, of the product we are subsidizing to be exported into the international marketplace.

The question arises—who should get the funds? Although new guidelines say that small firms should have priority, one-third of fiscal year 1994 funds continue to go to very large companies. Large corporations such as McDonald's, Sun Maid, Welch's, and Pillsbury still receive large sums of money. In 1992, the average amount awarded to the top 50 firms was \$1 million; 8 of those top 50 firms had sales of more than \$1 billion. Brand name participants receiving more than \$1 million from 1986-93 include: Welch's, \$5,886,000—rounding that off; Blue Diamond, \$37,521,000—that is another figure I am rounding off; Pillsbury, \$10,506,000. So the question arises, why do companies of this size need taxpayer assistance? I think that is one of the critical objections.

In an article appearing in Washington Monthly, the title of which is, "Ad Hawk," and written by Doug Turetsky—this article appeared in July 1991, the following observation is made. I would like to share this.

Consider Minnesota-based Pillsbury, home of the Popping Fresh Dough Boy and the Jolly Green Giant. In addition to \$90,000 which is for the regional trade association—this is the unbranded portion of it—Pillsbury received \$1.3 million directly from USDA in 1989 to market its Green Giant frozen corn in Japan. But as USDA's own magazine, Ag Exporter notes:

Pillsbury has cultivated the Japanese market since the 1970's. And while it is true that Japan enacts considerable barriers on corn used for animal food, frozen corn appears nowhere on a comprehensive list of barriers compiled by the Office of the U.S. Trade Representative. Federal subsidies were being used to do exactly what the company had done for years and with a minimal apparent difficulty, using its own money.

It is a question, it seems to me, of priorities. That is my concern, as we struggle with very difficult budget decisions. We are constantly being told we need to prioritize our dollars. I happen to share that view. We need to be mindful and cognizant of the deficit and the debt that is accumulating each year, as we continue to spend more money than we take in. We need to take a look at our priorities.

I know we are probably going to hear some comment from my good friends, those who support this program, that suggest we are only talking about \$90 million; in a national budget of \$1.5 trillion, this is really inconsequential. I think one of the things I enjoy most serving in this institution is returning each week, as I do, and talking to people in my own home State, as I know most of us do. I like to hear what they have to say. Sometimes we deal with such macroeconomic problems in America, as we should; we use numbers that have more zeros than most of us, nearly, can count. But \$90 million is real money. When you talk with the average citizen in your State, that person will not see \$90 million in his or her lifetime, or as far back as they can trace their family history.

My purpose in offering this commentary in opposition to the committee amendment is to say, "Look, this is a priority which this country can ill-afford." It is not in any way designed to be antagonistic and critical of those who labor in the fields of America and who produce the agricultural bounty of which America is proud. Their hard work, their efficiency in what they have done is absolutely legendary and, as Americans—all of us, those of us from nonfarm States and farm States alike—benefit enormously. But can we justify spending \$90 million of taxpayer money for activities that essentially ought to be done in the private sector, when there are so many critical needs—and I know the distinguished occupant of the chair is as articulate as any Member in this institution talking about the unmet needs out there in America. How can we give \$90 million, some of which goes to McDonald's, Ralston Purina, ConAgra, Welch's, Sun Maid, some of the major agricultural companies in America? I think the conclusion we arrive at is inescapably—no.

A number of my colleagues are fond of, and agree with, the general observations of George Will. I do not always agree with his conclusions, but I must say he is an extraordinary writer, and I have in recent years agreed with a number of his observations, particularly as it deals with some of our agricultural programs.

A year ago, some of my colleagues will recall we debated the wool and mohair subsidy, parenthetically something that directly affects my own State. There are sheep ranchers in Nevada who have been participants in that program and who will, as a consequence of the actions taken by this body, at my request and a number of our colleagues, no longer receive subsidies for wool production. That is something that took a bite out of our own folks and our own State. It is not that we are just trying to pick on somebody else in another State. That had a direct impact.

George Will makes this observation in an article that appeared in the

Washington Post on July 11, 1993 and I quote from one of the paragraphs:

The MPP funds, both generic and brand-name advertising abroad for American agricultural products, is yet another example of Government solicitude on behalf of the strong. Of the 200 U.S. corporations with the largest advertising budgets, 13 last year got a total of \$9 million from the MPP, an average of \$700,000 each. But the advertising budgets of those corporations range from \$45 million to \$538 million, so the taxpayer contributions can hardly be said to represent the difference between competitive success and failure.

That pretty much sums up my position as to why we ought to eliminate this program.

It will be said by those who support the continuation of the programs, "Aw, those comments may have been appropriate a year ago, but we have reformed. We have reformed the program. The criticisms of the past no longer bear any merit for today."

I want to spend just a couple of minutes, before yielding the floor, to talk about those so-called reforms. I think that they are, at best and most, charitably assessed as being very modest. Some would say they are transparent or illusory.

For example, the Secretary should not provide assistance for a specific brand for more than 5 years. As I have indicated, a number of the branded products have been in this program for years and years. So that just gives them an additional 5 years. That is the criticism under the rubric of graduation. Once you get into the program, do you stay for life? That is not, in my judgment, a substantial reform.

Each participant is required to certify that any Federal funds received do not supplant private or third-party participant funds. That is an accounting game, I suggest, in which we ought not get involved. We have no way of really knowing whether or not those moneys are, indeed, substituted out. I suspect in many instances they are, and we certainly cannot establish that that does not occur.

The Secretary should give priority to small-size entities. I might just say, if this was part of the reform in the 1993 Reconciliation Act, you can take a look at the fiscal year 1994 funding, and it is not an auspicious beginning. With respect to the \$56.75 million that went to the branded program, \$23.72 million went to small-size companies. That is about 25 percent of the funds for the entire program, and 33 percent of the funds for the entire program still went to the large companies. Whether you went to school under the new math or the old math, the large companies are still receiving the largest portion of the MPP moneys.

So my point—and I will yield the floor at this point—is that it is a question of priorities. I certainly have no hostility to those who represent the great agricultural areas of this coun-

try. But we simply cannot afford the luxury of this program. When we complain bitterly about priorities being neglected in this country, it seems to me this is one program that we need to take the stick to and say, With all the problems it has in terms of ascertaining its effectiveness and its accountability we should not fund some of the major companies in America, I think it is time to end the program.

One last point, if I may. One might be able to argue with some measure of justification, Look, this money is going for American companies and we ought to be helping American companies. I am a great advocate of helping American companies do some of the right things. It does not mean we ought to pay for it.

This is a list that cannot be seen very clearly because there are so many names under it. Let me tell you what this chart indicates. This indicates the foreign brands—not American companies—the foreign brands that are subsidized by the MPP program. In these are the brands that are supported. I counted and there are about 240 foreign companies. There may be more, but that is what we have been able to ascertain.

What is the justification in using American taxpayer dollars to subsidize foreign companies? I think that is a difficult argument to sell. I think it is an argument that we ought to have some difficulty persuading. I cannot accept that. I do not believe that there is a compelling rationale for spending taxpayer dollars to subsidize foreign company advertising budgets. I suggest that this is another reason, as well, that this program has reached a point in time, whatever its historical merit may have been, to say, when dollars are so critically short, as I indicated a moment ago, that we simply cannot justify all of this expenditure, for all of the things I indicated.

I yield the floor.

The PRESIDING OFFICER (Mr. DORGAN). Who seeks recognition? Is there further debate on the committee amendment? The Chair recognizes the Senator from Mississippi.

Mr. COCHRAN. Mr. President, to review the situation so the Senate will understand how we have gotten to this point on this issue, the administration, in its budget request for the year, asks for \$75 million for the Market Promotion Program. Last year's funding level was \$100 million. The bill as it was presented in our subcommittee, the chairman's mark, zeroed the program out. There were no funds in the subcommittee print.

So at markup, the distinguished Senator from Washington State [Mr. GORTON] offered an amendment to include in the bill \$90 million in funding for this program for next year and proposed as an offset, which was a part of

the amendment, an across-the-board cut in salaries and expenses for most of the agencies funded in the bill. The other body in its bill as passed by the House provides \$90 million in funding.

So what we have seen happen is that the House, up to this point, and the committee, after acting on the Gorton amendment, have agreed that the program should be continued at a funding level of \$90 million. This amendment, if it is rejected, as proposed by the distinguished Senator from Nevada, would take it down to zero again, would zero out funding for the program.

It is my hope that the Senate will study very carefully the issues involved before agreeing to that proposal. Last year, for example, Senators may remember that there was a similar effort to cut this program. As a matter of fact, the proposal was to cut it to zero last year, and a vote occurred, and on a recorded vote the Senate voted 70 to 30 against that amendment.

So the Senate has already reviewed very carefully—we had a full debate last year—whether or not this program ought to be continued. I think Senators should keep that history in mind as we proceed to the consideration of the proposal now before us.

Let me further say that despite increases in U.S. agriculture exports and moneys derived from those exports, there continue to be serious problems in the international marketplace that American agriculture and food products have to overcome if we are to continue to enjoy that kind of trend in increasing our sales abroad. These unfair trade practices—barriers to trade, policies in some countries that they must remain self-sufficient in this or that area—all work together to make it difficult for U.S. exporters, farmers, and others, to compete effectively in the international market.

Back in 1985, it was recognized that the U.S. Government ought to become more actively involved in helping to ensure that our exporters were treated fairly. When we try to compete with others or when we try to sell in another market overseas, it was decided that we should stand up for our side and that our Government ought to take an active role. So we included in the 1985 farm bill a market development program, which was called the Targeted Export Program, that funds would be available to be administered by the Department of Agriculture to help break down those barriers that were being erected to prevent the sale of U.S. commodities such as soybeans, rice, feedgrains, wheat, cotton, and bulk commodities. These were some of the products that were being supported in this way. Also, manufactured food products were eligible, and high-value products were ruled to be eligible as well. But the whole point was to target those efforts to specific transgressions,

in effect, or particular problems that were besetting U.S. exporters. And the program worked. We began seeing, in some of these markets, increases in sales or new sales made by U.S. exporters when before they were not permitted to be sold or they were having difficulties competing in those markets.

At hearings before our subcommittee, for example, the Foreign Agriculture Service testified that agriculture exports attributable to targeted promotion during that period, from 1986 to 1988, ranged from \$2 to \$7 for every \$1 of program funds expended. This experience of the Targeted Export Program led the Congress to continue the program when the 1990 farm bill was written. The program was changed in name from the Targeted Export Program to the Market Promotion Program in the 1990 farm bill.

There is a coalition that has been formed to promote U.S. agriculture exports, and I received a letter just recently from this group pointing out the new GATT agreement does not eliminate support from a government to break down trade barriers or to do the things that are provided for in this Market Promotion Program. So those who are worried that this might be an appropriation which runs counter to the provisions or the intent of GATT should not be concerned on that subject.

To explain this more fully, I am going to ask unanimous consent that a copy of this letter to me dated June 24 from the Coalition to Promote U.S. Agricultural Exports be printed in the RECORD.

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

COALITION TO PROMOTE  
U.S. AGRICULTURAL EXPORTS,  
Washington, DC, June 24, 1994.

Hon. THAD COCHRAN,  
U.S. Senate, Washington, DC.

DEAR SENATOR COCHRAN: With the Senate expected to consider the FY 1995 agriculture appropriations bill (HR 4554) as early as the week of June 27, we would like to take this opportunity to urge your continued strong support for maintaining funding for USDA's Market Promotion (MPP) and Foreign Market Development (FMD) Programs.

Last year, with your leadership and support, the Senate overwhelmingly rejected an amendment to eliminate funding for MPP by a vote of 70 to 30. We anticipate a similar amendment may again be offered this year when the bill reaches the Senate floor. Accordingly, we again urge that you continue to oppose any such amendment.

While we understand the budget pressures facing Congress, it should be noted the Market Promotion Program (MPP) has already been reduced by 50 percent in recent years. In addition, funding will be reduced by another 50 percent under both the House-passed bill and the bill as reported by the Senate Appropriations Committee. Any further reductions would seriously jeopardize the program's continued success, and threaten the ability of U.S. agriculture to compete effectively

in the international marketplace. This is especially true with regard to the new GATT agreement.

The new GATT agreement, it should be emphasized, does not eliminate export subsidies or trade barriers. It only reduces their overall level. Further, it permits countries to maintain and increase their support for programs which are considered non-trade distorting. These so-called "green box" programs include market development and market promotion, export credit, and food assistance, among other programs. As such, both MPP and FMD represent "green box" programs and are allowed under GATT.

Clearly, as history has shown, our foreign competitors—especially the European Union—will continue to utilize every available weapon to maintain and expand their share of the world market. This includes the maximum use of export subsidies as allowed, and the shifting of additional resources into such green box programs as highlighted above—including market development and promotion. Without a similar commitment on the part of the U.S. Government, U.S. agriculture will be at a substantial disadvantage.

Both the MPP and FMD programs have been critically important in helping U.S. agriculture build, maintain and expand export markets. They have also helped encourage industry self-help efforts, counter unfair foreign trade practices, and promote greater awareness and demand among foreign consumers for U.S. produced agricultural commodities and related products.

The importance of these programs is also reflected in the fact that exports account for nearly one-third of total U.S. agriculture production and over \$40 billion in sales. Such exports also generate billions of dollars in additional economic activity and provide more than one million Americans with needed jobs. Again, without a continued strong commitment in terms of support for such programs as MPP and FMD, many of these jobs will be jeopardized and lost to foreign competition.

For these reasons, we urge your strong support for USDA's Market Promotion (MPP) and Foreign Market Development (FMD) programs and that you continue to oppose any amendments which would further reduce or eliminate their level of funding.

Sincerely,

Ag Processing, Inc., Alaska Seafood Marketing Institute; American Farm Bureau Federation; American Forest & Paper Association; American Hardwood Export Council; American Meat Institute; American Plywood Association; American Sheep Industry Association; American Soybean Association; Blue Diamond Growers; California Avocado Commission; California Canning Peach Association; California Kiwifruit Commission; California Pistachio Commission; California Prune Board; California Raisin Advisory Board; California Tomato Board; California Walnut Commission; Cherry Marketing Institute, Inc.; Chocolate Manufacturers Association; Diamond Walnut Growers; Dole Fresh Fruit Company; Eastern Agricultural and Food Export Council Corp; Farmland Industries; Florida Citrus Mutual; Florida Citrus Packers; Florida Department of Citrus; Ginseng Board of Wisconsin; Hansa-Pacific Associates, Inc.; Hop Growers of America; International American Supermarkets Corp.; International Apple Institute; International Dairy Foods Association;

Kentucky Distillers Association; Mid-America International Agri-Trade Council; National Dry Bean Council; National Grape Cooperative Association, Inc.; National Association of State Departments of Agriculture; National Cattlemen's Association; National Confectioners Association; National Corn Growers Association; National Council of Farmer Cooperatives; National Cotton Council; National Milk Producers Federation; National Peanut Council of America; National Pork Producers Council; National Potato Council; National Renderers Association; National Sunflower Association; National Wine Coalition; NORPAC Foods, Inc.; Northwest Horticultural Council; Ocean Spray Cranberries, Inc.; Produce Marketing Association; Protein Grain Products International; Ralston Purina Company; Rice Millers Association; Sioux Honey Association; Southern Forest Products Association; Sun-Diamond Growers of California; Sunkist Growers, Inc.; Sun Maid Raisin Growers of California; Sunsweet Prune Growers; The Catfish Institute; The Popcorn Institute; Tree Fruit Reserve; Tree Top, Inc.; Tri Valley Growers; United Egg Association; United Egg Producers; United Fresh Fruit and Vegetable Assn.; USA Poultry & Egg Export Council; U.S. Agricultural Export Development Council; U.S. Livestock Genetics Export, Inc.; U.S. Meat Export Federation, Inc.; U.S. Feed Grains Council; U.S. Meat Export Federation; U.S. Wheat Associates; Vodka Producers of America; Washington Apple Commission; Western Pistachio Association; Western U.S. Agricultural Trade Assn.; Wine Institute.

Mr. COCHRAN. Under GATT, countries are able and permitted to maintain and even increase their support for non-trade-distorting programs. The Market Promotion Program falls within the definition of these types of programs.

I wish to assure my colleagues that you can bet our foreign export competitors, our friends from around the world who compete with us for market share with agriculture commodities, are going to utilize these programs—they have in the past; they will continue to do so in the future—to try to enlarge their market share. If all of a sudden now we abandon this program, which has served our farmers and exporters well, U.S. agriculture is going to suffer because of it. So I think there is a definite correlation between this program and the success it has had and the increases in market share that we have seen coming to U.S. exporters in the past 10 years.

One other statement that was made at our hearing is that the Market Promotion Program, according to the Foreign Agriculture Service, has played a significant role in expansion of U.S. high-value and value-added agriculture exports. These exports represent 80 percent of Market Promotion Program funding, and they rose to a level of \$24 billion in fiscal year 1993, up 15 percent from 1991 and up a substantial 77 percent since 1987.

Here are some examples. Breakfast cereal exports rose from \$45 to \$253 million from 1987 to 1993. In 1987, U.S. red meat exports were \$1.4 billion. In 1993, those export values reached an all-time high of \$3.3 billion. The program assisted the industry in tapping this potential in export markets. The exports alone in 1992 were equivalent to almost 6 percent of our domestic beef production. The program, in cooperation with the Alaska Seafood Marketing Institute, assisted the U.S. salmon industry in increasing canned salmon exports by more than 230 percent in our top five markets during that same period—1987 to 1993.

This is particularly important to note because during this same period of time world supplies of salmon nearly doubled—during the eighties—as a result of farm-raised salmon production in many parts of the world.

The Foreign Agriculture Service indicates that given the prior level of funding of \$200 million under the Market Promotion Program, these multipliers suggest that U.S. agriculture exports range from \$400 million to \$1.4 billion higher than they would have been without this program. There is also a corresponding impact, of course, on producer incomes in our agriculture sector. Jobs in the processing and transportation industry are also affected.

The Market Promotion Program is valuable in allowing U.S. agriculture to compete in the international marketplace in a more effective way, and based on a fairer set of rules. It increases our export opportunity, contributing to our balance of payments, and helps to promote our industrial growth and new job opportunities. I hope Senators will consider these very real practical consequences of voting down the funds in this bill for this program.

I agree with my good friend from Nevada that it is a difficult time to be balancing competing interests when you do not have enough money to go around to all the worthwhile programs and activities. But to single this out, and to say that it is not necessary or that we can do without it without any harm being done to our economy or to our agriculture sector, is not consistent with the evidence that has been presented to our committee. At our hearings, the evidence has been overwhelming that these are funds that are well spent. They provide a return on our investment that is clear and unimpeachable.

It is my hope that the Senate will very carefully consider these factors before reaching a decision to eliminate this important and proven program.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas.

Mr. BUMPERS. Mr. President, I regret that as chairman of this sub-

committee I have to strenuously oppose one of the amendments that the subcommittee adopted—as I stated in my opening remarks—over my objection.

Let me just say as an opening comment, if you believe in corporate welfare, vote for the committee amendment. If you believe in handing out Federal dollars to some of the biggest, wealthiest corporations in America in order to export their brand name, then vote for the committee amendment. If you believe, as the General Accounting Office pointed out in June 1993, that there is absolutely no correlation between the money we are spending on this program and increased exports, then vote against the committee amendment.

I do not enjoy standing here as chairman of this subcommittee and telling people who walk in here asking what this is all about, that I oppose my own subcommittee amendment. But I do. I have never been very keen on this program.

We have \$90 million in this bill for it. The Senator from Mississippi correctly listed an increase in exports of beef from 1986 through 1992. But the General Accounting Office says they can find no particular reason to believe that those exports did not go up because the Japanese wanted more beef, and we had it. You will not find anything in this report that says the Market Promotion Program had anything to do with the increased consumption of beef in Japan.

I might say at this juncture, Mr. President, that Japan is easily the biggest beneficiary of this program. They have been targeted. The increase in what we spend on exports to Japan is much higher than the percentage increase in exports.

Mr. President, I am from an agricultural State. People in my State use this program, and I do not enjoy opposing something that my constituents think is just fine.

Three of my colleagues in a letter to all other Senators, make the following statement:

According to the Foreign Agricultural Service data, market promotion expenditures for export activities by the world's 11 major agricultural exporting nations totals nearly \$500 million annually. This \$500 million total is comprised of both direct Government appropriations and mandatory producer levies, or checkoff programs.

Mr. President, we are spending \$1 billion for export enhancement, and another \$100 million this year on this program. The program is actually redundant. You just think about it. We have a budget of \$650 million under a freeze and 1,100 requests from other Senators for important projects in their States that we cannot fund because we do not have the money. We had to squeeze and squeeze to get within our allocation, and then fund this program to help McDonald's, Blue Diamond nuts,

Sunsweet Prunes, Sunmaid Raisins, Dole Pineapple, Gallo Wines, the biggest corporations in America. What are we doing?

The most salient point in the GAO report, Mr. President, is found on page 1 of the GAO report, and I quote:

Concerning the need for continued funding, the United States Department of Agriculture cannot be sure that in the absence of the Market Promotion Program, participants would not have funded these activities by themselves.

Do you think if Gallo Wines saw a market someplace that they thought they could develop, they would say, "No, we are not going to try to develop that market unless the U.S. Government gives us some money?" How silly can you get?

Do you think McDonald's would have stayed out of Japan and not taught the Japanese the joys of McNuggets if the Department of Agriculture had not said, "Come hither quickly; let us give you some money for this program"? How silly can you get?

Well, I will tell you how silly you can get. Again, referring to the GAO report, here is—as we say in Arkansas—a "Jim Dandy." The General Accounting Office reviewed MPP activities for fiscal year 1989 of the California Raisin Advisory Board. And here is what they found:

In September 1989, the California Raisin Advisory Board launched a \$3 million Market Promotion Program-funded campaign directed at marketing raisins as a snack in Japan. At that time, consumer package sales of raisins constituted only about 10 percent of Japanese consumption, and the board believed an opportunity existed to increase raisin sales in Japan.

To continue:

Many problems existed in the campaign. The lyrics sung by the dancing raisins in the Japanese television commercial were in English.

How would you like to see dancing raisins in the United States sing in Japanese? You would be just like the Japanese were. They did not know what the raisins were. Some of them said they are chocolates. Some said, no, they are potatoes, because they were shriveled and misshapen. And the worst part of it was that it scared the Japanese children to death. Do you think I am making that up? Let me go ahead and read it to you:

Because the television commercial was tested at the same time it was aired, it wouldn't be revised, even though many revisions were warranted. Moreover, board officials and others told us that the commercial's dancing raisins figures (misshapen and shriveled) frightened children, who were part of the target audience. Furthermore, according to board officials and an independent evaluation contracted for by the board, the contractor experienced major problems in getting the raisins into retail outlets during the promotional period.

To show you what a howling success this was, Mr. President, we sold raisins to Japan for \$1,583 a ton, and it cost

the Market Promotion Program \$3,000 a ton to ship it. We would have been a lot better off to have given the Japanese the raisins.

Any time you have free money floating around just for the asking, you are going to run into problems like this time and time again.

Mr. President, I want to thank the Senator from Nevada for taking this issue on once again. The most frustrating thing about this place is to come here year after year after year, believing fervently that you might just save the Government a little money—whether it is on defense or selling raisins to Japan—and get trashed in letters that come from these businesses, corporate America, to Members of the Senate saying This is the greatest thing since night baseball. It is going to cost jobs in our State if you kill the Market Promotion Program.

Not many Senators will hear this debate—and they might not be influenced if they had—but I know how they will vote and why. I know there is a considerable crusade going on in America by the people who enjoy the benefits of this program. They are writing their Senators, and it just becomes impossible to stop a program.

Let me digress a moment to talk about the deficit. It is a curious thing, the deficit. Some people love it because it is a good issue. They do not want to do anything about it; they just want to talk about it. And so last summer, the Senate did something which I thought was one of the most important things that happened since I have been here: We raised taxes on 1.2 percent of the wealthiest Americans and cut spending.

I remember when Ronald Reagan ran for President in 1980 all you could hear was "deficit reduction" and "those taxers and spenders." And at the end of his first term, the deficit had gone from \$75 billion—Jimmy Carter's last deficit—to \$210 billion. At the end of Ronald Reagan's second term, it was up between \$270 and \$300 billion. The American people were not blaming Ronald Reagan, they were blaming Congress, and particularly the Democrats in Congress. I have never understood that, but that is a fact. When George Bush left office, the deficit actually soared to \$310 billion.

President Clinton says there are only two ways to deal with this deficit: one is to cut spending, and the other one is to raise taxes. Our very presence here this afternoon shows you how popular it is to cut spending. It is almost impossible. My brother calls and says, "All you people in Congress think about is getting in my hip pocket." I do not think about his hip pocket or anybody else's. I am concerned about the deficit, which is an omen of unbelievable magnitude for disaster for this country.

So, last year President Clinton said if you cast this very unpopular vote—I

know it is unpopular, and I hate to ask you to do it—but if you will do it, we will start getting this country's fiscal house in order. He said, that moreover, we will avoid an additional \$500 billion increase in the deficit if you will vote for this. And we will cut the deficit every year for the next 3 years for the first time since Harry Truman was President. I cannot remember precisely what the figures are, but in 1993 the deficit was about \$275 billion, and it had been projected to be between \$320 and \$350 billion.

For 1994, the deficit projection was \$250 billion, not the \$350 billion expected after the tax increase and spending cuts. Now, last week, OMB said it is not going to be \$250 billion; it is going to be \$220 billion. And next year, instead of \$175 billion, it is going to be \$167 billion.

You would think the American people would be ecstatic about this rapid decline in the national deficit.

So when OMB comes out and says the deficit this year is going to be \$30 billion less than we thought and next year \$12 to \$15 billion less than we thought, it appeared on the second page of the Washington Post business section and was described in two sentences.

In short, as long as the deficit is declining, it is not news and nobody cares. But I will tell you what the other disastrous thing and disheartening thing is. When my colleagues see in the Washington Post and the Wall Street Journal that the deficit is going down, they say what is \$90 million? That does not amount to anything.

And I can make a few of my constituents happy that they will get a little dab of this money and I can answer my mail by saying I supported that program you asked me to support.

The first thing you know you will be seeing the deficit back on the front page of the Washington Post because it is going to be going higher than the projected figures.

Mr. President, 20 percent of this money went to foreign-based firms. Did you know the Department of Agriculture does not even have a test to determine whether the product is made and processed in the United States or not? They just take it for granted when someone writes and says please send me a couple million dollars so I can promote raisins in Japan that we grow in California. The Department does not know if they are grown in Mexico or California.

You know there is one other thing as chairman of the Small Business Committee that gripes me about this program. If we want to spend \$90 million to help people export, it ought to be going to people who cannot fend for themselves, who do not have the experience and expertise on how to export. In short, we ought to target it toward small business, help people in this country grow and create more jobs.

When you give Gallo Wine \$2 or \$4 million, do you know what you get back? Nothing. You have just contributed \$2 million to Gallo Wine. That is what you have done.

And the GAO said there is no proof whatever that Gallo would not have spent the money anyway.

Mr. President, I conclude my little soliloquy and just say to my colleagues: Do not vote for this program because you are from a farm State. Do not vote for this program because you have a letter from a constituent saying this program is important to us. Vote against this program because it is another \$90 million the United States does not need to be spending.

And if you expect someone to say, "Well, that is just DALE BUMPERS talking," hand them a copy of the GAO report. Read this, and then tell me you are going to vote for it anyway.

I yield the floor.

The PRESIDING OFFICER (Mr. DECONCINI). The Senator from Nevada.

Mr. BRYAN. Mr. President, I know that my colleague from North Dakota desires to speak on another issue and I will be very brief.

Let me just indicate to my colleagues that because of the procedural way in which this issue is framed, it was not necessary nor in order to offer an amendment so that Senators who were interested in addressing this issue might appear as cosponsors.

I want to acknowledge for the Senate that Senator JOHN KERRY, Senator HARRY REID, Senator HANK BROWN, and Senator JOHN CHAFFEE, all of whom sent letters to their colleagues urging them, as I have, to reject this program, would have been cosponsors of an amendment if that procedure would have been in order, and I want that to be noted.

I associate myself with the comments made by my able colleague, the senior Senator from Arkansas, and agree with him.

I do not know how we can support and justify a program like this when there are so many other unmet needs in the country—and indeed the money goes—I would say to my colleague from Arkansas, there are 240 of those foreign companies right here that are depicted in this chart, and we have talked extensively about the major businesses in America, one of which had a net profit of more than \$1 billion who continues to receive this corporate welfare.

I hope my colleagues will reject this.

I yield the floor, and I thank my friend from North Dakota for his indulgence in this and vital observation.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I ask unanimous consent to be allowed to speak for 10 minutes as if in morning business.

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

Mr. DORGAN. Mr. President, I appreciate very much the managers of the bill.

## CHILD ABUSE ON NORTH DAKOTA INDIAN RESERVATIONS

Mr. DORGAN. Mr. President, I held a hearing a few weeks ago on the subject of child abuse on Indian reservations in this country, and I wanted to talk just a few minutes today about that subject.

As I do, let me be clear that the issue of child abuse is not only an issue on Indian reservations but is a compelling and gripping issue of enormous proportions everywhere. But it especially terrorizes many youngsters on Indian reservations precisely because of the rampant poverty and associated problems on those reservations. I wanted to share with my colleagues some of the results of that hearing.

Let me tell you about a boy named Joe, who testified at my hearing. Joe and his brothers and sisters hid when their mother returned home at night in a alcoholic drunken stupor. They feared that when she found them she would beat them, as she almost always did when she had been drinking.

Joe testified that he and his siblings were taken from their mother after she had stopped feeding and clothing them. But the foster homes they were placed in were even worse. The youngest child was locked away in a room, left to starve, while the foster parents drank themselves into oblivion.

Joe and his brothers and sisters were physically abused by those foster parents, and one sister repeatedly tried to kill herself.

Also testifying at my hearing was a young woman named Geraldine, from the Turtle Mountain Chippewa reservation. She told me of being abused by alcoholic parents so frequently, that she turned to alcohol at age 8 for escape. At age 15 she was an alcoholic.

A social worker from one reservation in North Dakota testified that in a 2-week period on that rather small reservation eight children attempted suicide.

Another social worker told of seven teenage boys locked in a prison cell designed for two adult men because they had gotten into trouble and there was nowhere else to put them, and sending them to an abusive household was not the answer. So seven teenage boys, she said, are locked in jail in a cell built for two adults.

These are painful case histories almost too cruel for one lifetime let alone the tender years of childhood.

I have worked on this issue for a number of years. I recall going to the Standing Rock Sioux Reservation and meeting a little girl who looked very troubled. Her name was Tamara Demeres. About 3 years earlier, Tamara, who was living with her grandfather Reginald Burnthorse, was placed in a foster home. She was 2 years old at the time. The foster parents with whom she was placed beat her severely, broke her nose and arm, and pulled out her hair from its roots.

The social worker handling Tamara's case was, at the time, burdened with 200 other cases. The social worker simply lacked the opportunity to keep track of which foster home would be a safe haven for a 2-year-old girl. Not while managing a 200 person caseload. So this little 2-year-old was placed, by the child protection system, in a terribly abusive environment, was beaten severely, and no one was able to protect her.

Tamara survived. I expect she will be scarred for life. And I, as a result of meeting Tamara that day on the Standing Rock Reservation, became involved in the issue of child abuse. I helped that reservation staff its child protective services with 12 additional social workers. In that instance, we took action that is making a difference.

At my recent hearing in North Dakota, I heard again, the tales of tragedy about defenseless youngsters. There is something fundamentally wrong. These are children for whom we are responsible. We have a trust responsibility for Indian children, and we are not meeting it.

The social services director from Fort Berthold testified at my hearing that escalating problems of child abuse and alcoholism on the reservations have become a pattern from generation to generation. She said that with each new generation, the tribe is experiencing more severe manifestations of alcoholism, child abuse, and incest, accompanied by actual deaths by alcohol-related car crashes, domestic violence, child abuse, suicide and, yes, homicide.

And she said—and this is not a surprise—there are only limited therapeutic services available at Fort Berthold.

One social services director began her testimony weeping and sobbing. She said that finding transportation to drive an individual to treatment or counseling is a major challenge. She said that files are on the floor of reported incidents of child abuse, and that social workers have no idea whether the files have been investigated, whether children at risk are living in abusive households. She said that 13 employees have come and gone in the child protective offices of that reservation in 2 years, creating chaos and little continuity.

I asked that social services director to share with me a representative sample of the kinds of cases with which she must deal. Let me share with you some of these case histories.

A two-parent household on the reservation included several children, ranging from 5 to 17 years of age. The father sexually abused one of the daughters and is now in Federal prison. The mother, an alcoholic, has since lost custody of all of the children because she has severely neglected them. The victim of the abuse is now living in

another State with a relative. The eldest child is pregnant. Another daughter is in treatment for inhalant abuse and attempting to start two fires. And the remainder of the children are placed in various other homes on the reservation—this is all about one family.

Another case involves an 18-year-old girl who remains in the child welfare system, due to limited mental functioning ability. She entered the system at age 1. Her father had killed his son. As a result, the parental rights were terminated, and this child and her siblings all entered the foster care system. This child, 18 years of age, has been in 15 foster homes, finally returned to the reservation, and recently was a victim of a brutal rape in which she nearly did not survive. The child has now been placed in a protective environment in another part of my State.

A 3-year-old child was beaten with a hanger by the parent's significant other. That child entered foster care, where she remains, because the parent continues to remain with the significant other, who, incidentally, has received no significant counseling and apparently no citation for beating the child with the clothes hanger.

An 11-year-old child entered the foster system when she was 3. Her most recent placement centers on the child hallucinating from repeated inhalant abuse. This is an 11-year-old child. She reportedly was involved in inhalant abuse with her mother. The child is now in a group home, the father is homeless, and the mother has simply moved away.

Finally, the story of a 15-year-old child who began informing the child welfare system she was being sexually abused by her mother's boyfriend. Since the reporting began, the child has been in several alcoholic treatment facilities and not until this last placement, which is in another State, has the child received any services at all to help her deal with the sexual abuse. The alleged perpetrator of the incident has never been charged, and the mother has never received any counseling either for this tragedy.

You know, I suppose for some, this is almost a tedious list of ongoing tragedies. But they are tragedies nonetheless.

Somewhere tonight a young child—age 2, age 4, age 6—is cowering in a closet in fear of being beaten or sexually abused. This child may well have already been reported to the authorities as someone who has been abused or beaten badly. And this child may be a name simply on a folder lying on the floor somewhere, never investigated and never responded to.

That child is our responsibility. We must, it seems to me, find a way to give hope to the hopeless and help to the helpless.

Child abuse on Indian reservations stems from the terrible problems native Americans face today—despair,

poverty, self-destruction. Solving this national tragedy is a huge undertaking that we can only begin to solve if we start right away.

I do know that every child in America belongs to all of us; because our children are our most precious natural resource.

I am hoping that we will find ways in the appropriations bills to provide the resources for the social workers, for the caseworkers, for the therapy, for the treatment, for the medicine, for the foster homes, and for all the things that are necessary for us to give hope to some young child who today has no hope.

This is a problem of enormous proportions. It is a problem that is costing children their lives.

I have been working with the staff of an appropriations subcommittee to see if we cannot at least take one small step in addressing this issue this year. But we need to take a larger step, and then an even larger step than that, if we care about the children living on Indian reservations who are now the victims of abuse and neglect.

Mr. President, I yield the floor, and I again thank the managers for the time.

Mr. President, I make a point of order that a quorum is not present.

The PRESIDING OFFICER (Mr. CAMPBELL). The clerk will call the roll. The legislative clerk proceeded to call the roll.

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

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

**AGRICULTURAL, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1995**

The Senate continued with the consideration of the bill.

Mr. DASCHLE. I ask unanimous consent that the committee amendments be laid aside.

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

**AMENDMENT NO. 2302**

(Purpose: To make funds available to carry out the Northern Great Plains Rural Development Act)

Mr. DASCHLE. I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE], for himself and Mr. KERREY, proposes an amendment numbered 2302.

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

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

The amendment is as follows:

On page 52, line 23, after "\$47,500,000," insert the following: "of which \$1,000,000 shall be available to carry out the Northern Great Plains Rural Development Act (if enacted); and".

Mr. DASCHLE. Mr. President, today I am offering an amendment to the fiscal year 1995 Agriculture appropriations bill (S. 4554) to appropriate \$1 million to implement the Northern Great Plains Rural Development Act (S. 2099). These funds will be used to create a commission to study and prepare plans for rural development in the Northern Great Plains States of South Dakota, North Dakota, Nebraska, Iowa, and Minnesota. The Northern Plains States share common problems that are perhaps most notably manifested in the outmigration of our young people. All too often these most valuable of our natural resources are being forced to choose between professional opportunities outside the area or consignment to low-wage jobs in their home communities where they would prefer to live.

In so many of our rural communities, our young people are gone. Our greatest harvest every graduation is the harvest of talent, the harvest of youth and vitality.

The only problem with that harvest is that the custom combine crews that come in are businesses from every part of the country and the world.

That concern continues to be very pervasive among all the States in rural America but in particular in the Northern Great Plains. It is a common problem, a problem that is associated with North and South Dakota, Nebraska, Iowa, Minnesota, and other States.

We all have, in various ways, expressed our concern about that problem for a long period of time. Governors have come to us to talk about the mutual concern that they have, the mutual need that they have to address it in ways which go beyond the borders of any one State.

And so it came to us as an issue, as all of us have come to grapple with economic development. It is not just an outmigration issue. It is a very serious concern about the economic consequences of the loss of our young people, the loss of opportunities, the loss of the vitality of our towns.

Each Northern Plains State is confronting separately problems that do not stop at geographic borders but are common to the Northern Plains. There is growing recognition that only through a cooperative, regional approach will we be able to most effectively meet the challenges of the 21st century.

And so for the last couple of years, as we have begun to try to address these problems in a more meaningful way, we concluded that really what we needed to do was devise a strategy, a strategy that looked at what we could do as a

region, what we could do as a nation, to develop better resources and a better understanding of the options, the opportunities that we have available to us.

As we looked for answers, as we looked for that strategy, we found that the South had done something very similar in devising a regional approach to this economic development problem. Our idea is patterned after the successful Lower Mississippi Delta Commission which the chairman of the Agriculture Appropriations Subcommittee and other distinguished Members of this body worked so diligently to establish.

Several years ago, in fact in 1988, the Lower Mississippi Delta Commission was passed in an effort to create this regional strategy, in an effort to look at effective ways to deal with attrition, more effectively with the problems of the lack of competition in our small communities, the belief that our small communities really ought to have the same opportunities as do the large ones.

The Mississippi Delta Commission has been a big success in part because of the involvement of the chairman and the ranking member currently in the Chamber. They realized back then, as they do today, that the regional approach to economic development, the regional approach to the problem shared by all of the States in the South, was really one approach that ought to be looked at elsewhere.

As a result of that realization, Mr. President, the five States in the Upper Great Plains—Minnesota, North Dakota, South Dakota, Iowa, and Nebraska—joined together several months ago to introduce and pass legislation which created the Northern Great Plains Rural Development Commission. All the Senators who represent those five States were cosponsors of this legislation. It passed the Senate unanimously last month. It is now pending in the House, and our expectation is that at some time in the not too distant future, the legislation will pass over there. It recognizes the common problems and the need for a common strategy. It recognizes that the Lower Mississippi Delta Commission has done an extraordinary job in giving some guidance to the South as they begin to approach their problems in a more collective way. The Northern Great Plains Rural Development Commission will bring together private and public interests for the common goal of improving the rural economy of our area. And, like the Lower Mississippi Delta Commission, this new commission will not go on forever. It will be sunsetted after 2 years.

Our hope is to repeat in the Northern Great Plains what they have been able to do effectively in the Mississippi Delta region. And so in passing the legislation to create the Commission, we

now realize, of course, that in order to expedite this process, to get it underway just as quickly as we can, we also need to provide the Commission with a minimal level of funding. So that is really what my amendment does. It provides \$1 million to implement the Development Act, the Northern Great Plains Rural Development Act, S. 2099, and to allow the Commission to be implemented just as quickly as it becomes enacted. This legislation would then take \$1 million from the rural grant funds available and earmark them specifically for the Northern Great Plains Rural Development Commission.

I emphasize that it would only do so if the legislation is enacted. So we are not here appropriating funds without sufficient authority. It would only take place if the legislation were enacted, and, indeed, we hope it will be so enacted.

The Northern Great Plains Rural Development Commission will not just produce another study to be placed on a shelf to collect dust. It will achieve tangible results through the development of a 10-year rural development strategy and a blueprint for the region to implement its findings region-wide.

Mr. President, if the Senate approves this amendment today, and the House concurs with our action, I pledge to return in 2 years to report on the strategies and initiatives developed by the Commission. That report will reflect the personal, organizational, and civic aspirations of over 10 million people; thousands of farms, businesses, and factories; and hundreds of communities. I am confident that the legacy of the Northern Great Plains Rural Development Act will be one of which the entire Senate will be proud.

I really believe that this is an opportunity to demonstrate, not only in the five States of the Northern Great Plains but certainly in all rural regions, that a collective strategy, an action-oriented plan that recognizes common problems, is the only way that rural communities are going to address outmigration and other rural problems effectively.

So it certainly merits the support of my colleagues.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. COCHRAN] is recognized.

Mr. COCHRAN. Mr. President, we have had an opportunity to look at this on our side. We note it is a bipartisan initiative. It is also, in addition, to fund the enactment of the legislation that would create the commission, or recognizes it in Federal law.

We have no objection to the amendment and we recommend to the Senate that it be approved.

Mr. BUMPERS. We have no objection on this side, Mr. President.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from North Dakota.

The amendment (No. 2302) was agreed to.

Mr. DASCHLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

#### UNANIMOUS-CONSENT AGREEMENT

Mr. BUMPERS. Mr. President, I ask unanimous consent that at 2:30 p.m., July 19, the Senate vote on or in relation to the committee amendment beginning on page 86, line 9; that there be no second-degree amendments in order thereto, and that the time tomorrow between 2:15 and 2:30 be for debate on the committee amendment with the time equally divided and controlled in the usual form, and that the amendment be laid aside until 2:15 p.m. tomorrow.

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

#### RURAL BUSINESS ENTERPRISE GRANT

Mr. STEVENS. Mr. President, I would like to bring to the attention of my colleagues a proposal for a rural business enterprise grant through the RDA which will help small businesses in rural Alaska. I received this proposal from the Alaska Village Initiatives but it arrived late in the appropriations process. I ask my colleagues from Mississippi and Arkansas to urge the Department of Agriculture to give special consideration to this proposal.

It involves a grant to the Alaska Village Initiatives to establish a technical assistance program to provide rural small businesses with management, marketing, finance, and operational skills. A goal of the project will be to give assistance to rural businesses statewide, especially communities with high unemployment rates. Some of the villages in Alaska have unemployment rates as high as 60 to 80 percent.

The Alaska Village Initiative has experience helping rural Alaskans and they have identified special difficulties faced by rural business owners. Some of these difficulties are a lack of capital, inadequate infrastructure and communication, lack of business experience and skills, limited markets,

high labor and freight costs, and higher than average cost of living. Rural Alaskans also face regionwide high unemployment, rampant social problems, high crime rates, and economic development obstacles that hinder enterprise development. These problems are magnified for rural Alaskans, many of whom are Natives, because of the isolated location of villages, most of which are not connected by roads.

The Village Initiatives Program will help small business men and women learn skills necessary to successfully compete in the marketplace. This program ensures that rural business owners are able to create and execute business plans, to understand financial information, operate ongoing successful businesses, and devise market strategies.

The assistance provided in this program is graduated according to skill level and it allows for individual progress over time. This program also allows for client differences that come from experience and knowledge. Instead of offering solutions to problems, the program's technical assistance provides a framework in which the user can choose and apply a solution. When one skill is mastered the client can move on to a new and more advanced skill. Also, when clients learn this new knowledge they can pass on these newly acquired skills to others in the community. These skills will be useful throughout their lives and will strengthen the human resources of their community.

At this time, I am informed, there is no such program dedicated to the needs of rural small businesses and there are no assistance programs designed for them. This program meets the RDA's rural business development goals; and so again I ask both Senators' support in obtaining special consideration from the Department of Agriculture for the RDA to fund this highly useful program to help rural Alaskan small businesses.

Mr. COCHRAN. Mr. President, I agree with my colleague from Alaska. Rural small businesses in Alaska merit assistance and the Alaska Village Initiatives could be very helpful. I urge the Department of Agriculture to give consideration through the RDA, to the Alaska Village Initiatives proposal that the Senator from Alaska discussed. I can see how this program can help develop marketable skills for these businesses.

Mr. BUMPERS. Mr. President, I too, like my colleagues, feel that this is a worthwhile program to help rural Alaskan small businesses. I urge the Department of Agriculture to evaluate carefully the proposal submitted by the Alaska Village Initiatives and give the proposal the same status and consideration as the committee gave to other programs mentioned in our subcommittee's report to assist local businesses in growing and creating jobs.

Mr. STEVENS. Mr. President, I thank both of my colleagues for this accommodation.

#### FDA USER FEES

Mr. BUMPERS. Mr. President, I will shortly enter into a colloquy with Senators KENNEDY, KASSEBAUM, HATCH, and COCHRAN. The colloquy deals with a provision in our bill which requires the Food and Drug Administration to raise \$151 million in user fees from the industries they regulate.

First, I want to state that I have been concerned by this issue, and we have rejected unauthorized user fees in the past. But because of the budget constraints this year and the demands on the subcommittee for funding, we had no choice except to raise \$151 million in unauthorized FDA user fees.

I might also note that the President had requested \$252 million in user fees. In any event, Senators KENNEDY, KASSEBAUM, and HATCH have raised serious and legitimate questions and concerns about the ability of the FDA to actually raise this amount of money in the short period of time in which they would have to raise it.

I share their concerns and we will do our very best, of course, to come up with a solution to this problem and at the same time meet what all of us consider to be our legitimate concerns.

Mr. KENNEDY. Mr. President, Senators KASSEBAUM, HATCH, and I wish to engage in a colloquy with our esteemed colleague with regard to provisions in the legislation before us today authorizing the Food and Drug Administration [FDA] to collect \$151 million in user fees from FDA-regulated industries.

We recognize the extraordinarily difficult funding constraints under which the chairman and his colleagues developed the fiscal year 1995 appropriations measure we are considering today. Nevertheless, we are very troubled by provisions in H.R. 4554, as reported by the subcommittee, authorizing the FDA to collect \$151 million in user fees from the food, medical device, and other FDA-regulated industries.

Mrs. KASSEBAUM. It is important to stress that the user fee provisions are a major change in public policy and should first be considered and, if appropriate, authorized by the Committee on Labor and Human Resources, which has jurisdiction over the Food and Drug Administration [FDA].

It is my understanding that the FDA has neither a plan nor an infrastructure in place that would allow it to collect \$151 million in unauthorized user fees in fiscal year 1995. If these user fees remain in the final version of this legislation, the agency will be forced to institute significant layoffs, jeopardizing vital public health programs and reversing recent progress the agency has made in ensuring the timely processing of applications for the approval of new technologies.

The report accompanying this legislation states that "the Committee believes meat and poultry inspection services are too important to be left to assumed funding." I would argue that such FDA functions as assuring the safety of the Nation's blood and organ supply, assessing the safety and efficacy of medical devices, and ensuring that Americans have timely access to new, potentially life-saving technologies, and ensuring the safety of the Nation's food supply are also too important to be left to assumed funding.

We are all sympathetic to the very tight allocation under which the subcommittee worked and to the many competing demands for funds. I would note, however, that the House version of this legislation does not include FDA user fees, and I would encourage my colleagues to recede to this position in conference.

Mr. HATCH. I have a range of concerns about this language and the negative impact it is sure to have if enacted. While I will explain these concerns in more detail later, let me say now I am extremely hopeful that this can either be corrected on the floor or that my colleagues will work in conference to see that the House position on FDA user fees is retained.

Mr. KENNEDY. It is our understanding that since the proposed \$151 million in user fees replaces direct appropriations for the FDA, the resulting level of direct appropriations in the legislation may be too low to allow the FDA to collect prescription drug user fees under the Prescription Drug User Fee Act—legislation that the administration has hailed as a landmark achievement.

The Prescription Drug User Fee Act requires that appropriations for the FDA must be equal to or greater than the appropriations for fiscal year 1992, multiplied by an adjustment factor. The proposed appropriation of only \$687,733,000—the net spending authority after all user fees are deducted—is far below this threshold.

Mr. COCHRAN. I agree that there is a serious question as to whether FDA could raise the level of new FDA user fee collections assumed in the President's fiscal year 1995 budget.

The administration has not submitted a legislative proposal to the Congress to establish and collect these fees. I am troubled by the fact that while \$252 million in collections from new user fees are proposed in the President's fiscal year 1995 budget request for the FDA, administration officials are unable to tell the Congress how FDA will levy the fees assumed, what the fees will be, or who they affect. FDA indicated in its official testimony to the subcommittee that there are many complex issues associated with collecting substantial new user fees and that there is not yet a proposal to accomplish this but that virtually all

FDA activities are being looked at as possible candidates, with the exception of activities covered by specific current or proposed user fee authority.

Mr. BUMPERS. I find it very difficult making this recommendation for FDA user fees for exactly the reasons that have been outlined here today. In the past, we have rejected these user fees, and we have urged past administrations not to include them in their budgets until they are specifically authorized by the authorizing committees.

As you can well imagine, we had to consider many competing demands in trying to agree on an appropriations bill that could meet the targets with which we were presented. I intend to work in conference committee to find the resources necessary for the FDA to meet its many responsibilities without relying on new unauthorized user fees, if at all possible.

Mr. COCHRAN. I concur with the concerns expressed by Senators KASSEBAUM, KENNEDY, and HATCH on the FDA user fee issue. New user fee collections should not be used to reduce FDA's direct appropriations requirement, as the President's budget proposes, unless separate statutory authority to establish and collect such fees has been enacted into law. This is an issue which should appropriately be addressed by the Committee on Labor and Human Resources, which has jurisdiction over this matter. It is my hope that the conference committee will be able to provide the necessary funding for the FDA without relying on collections from unauthorized user fees.

Mr. COATS. Mr. President, I share the concerns of my colleagues regarding language in the Agriculture, Rural Development, FDA and related agencies fiscal year 1995 appropriations bill which directs the FDA to collect \$150.8 million in general purpose user fees. I have heard numerous individuals and organizations in Indiana who are opposed to these fees—not all of whom would be subjected to the fees themselves.

The Food and Drug Administration has the responsibility of protecting the public health and safety. Therefore, payment for these services should be made by the general public—those who benefit from the services. I have very strong concerns regarding the indiscriminate collection of fees from companies or industries which do not benefit from their relationship with the Food and Drug Administration.

FDA policy and Congress authorize the collection of user fees when the company or industry upon which the fee is imposed is specifically benefiting from those fees. Not all industries which fall under FDA jurisdiction will benefit from the collection of user fees. Therefore, these user fees amount to an additional tax on industries which will not benefit—this is not fair.

In addition to the economic deficiencies in this decision, I have doubts that the Food and Drug Administration can efficiently collect these fees, new fees from new industries, without an increase in the size of the food and drug administration. Even so, it is not fair to place this burden on the Food and Drug Administration when there have been no hearings or other oversight functions from the appropriate authorizing committee.

The FDA council, a coalition of consumer groups, professional societies, and industry, expresses it well when they say that,

Any proposed user fees for the FDA should require analysis by the appropriate authorizing committees in the House and Senate. Thoughtful deliberation went into writing user fees for the drug industry and the same is occurring for the medical device industry. It is clear the same should occur if user fees are to be applied to other FDA regulated industries.

Mr. DURENBERGER. Mr. President, I would like to express my support for the comments my colleagues are making here today. I oppose the provision in H.R. 4554 that directs the Food and Drug Administration to collect \$150 million of its budgetary request of \$997 million through general-purpose user fees.

As I stated last year on this topic, there are many reasons why I oppose this provision. I am not generally opposed to user fees for recipients of public services; however, revenue raising of this magnitude by an agency charged with critically important regulatory responsibilities should not be imposed cavalierly.

Before they are imposed, I believe we need to undergo a debate by the committee of jurisdiction—Labor and Human Resources—as well as public comment to determine how best we should proceed.

I am also concerned that this provision statutorily precludes implementation of the Prescription Drug User Fee Acts of 1992. That bill triggers user fees for prescription drug manufacturers only if the appropriations stay above a designated appropriations baseline. The purpose of that provision was to prevent precisely what is happening here—the assessment of user fees as a substitute for adequate appropriations for the Food and Drug Administration.

Imposing user fees on medical devices also creates problems. If we impose these fees, if should only occur after a full airing of the how these fees will address the backlog of device applications and how these problems will be prevented into the future. Hearing on this topic have, as yet, not been held.

I would also like to emphasize Senator KASSEBAUM's point that FDA does not have the infrastructure in place that would allow it to collect \$150 million in user fees. I must ask, how can we expect to obtain these funds if we don't know how to collect them?

I believe that the Labor and Human Resources Committee needs to complete a careful and in-depth analysis of the present problems facing the FDA and the industries it oversees. How we protect the public and assure that new drugs and medical devices get to the market is important to health care reform in this country. Thus, we do not want to impose user fees in a way that might harm this process.

Mr. FORD. I would like to underscore much of what my colleagues have said regarding user fees to fund FDA activities. I have many reservations about this type of approach to solving shortfalls in funding and further its implications in the larger debate over the funding and structure of several important operations at the FDA. The FDA is charged with a wide range of decisions that in some cases are between life and death. The operations of this important agency should not be subject to hasty decisions about prospective funding mechanisms. I thank my colleagues for allowing me to join them in encouraging a remedy to this situation in conference. This user fee issue is not an approach that should be entered into lightly if at all. Hearings should be held, experts called in and the whole matter exposed to the bright light of public debate.

#### RANGELAND RESEARCH GRANTS

Mr. HATCH. I rise to express my concern regarding one small provision of the bill before us today, the Department of Agriculture appropriations bill for fiscal year 1995. Although minor, this item will have a significant impact on specific agriculture research projects being undertaken in Utah.

I refer to the section of the report accompanying the bill that provides funding for rangeland research grants—section 1480—for the Cooperative State Research Service [CSRS]. In his budget request, President Clinton requested an amount of \$475,000 for these CSRS grants. This amount was equal to last year's appropriation and was provided in this year's House bill. Unfortunately, the Senate subcommittee did not provide funding for these grants. It has created a situation where the continued existence of these grants, which are supported by the administration and the House, is threatened by this body.

Last week, Interior Secretary Bruce Babbitt stated at a Senate field hearing held in Richfield, UT, that "grazing is \* \* \* an enduring, important, positive part of the West's landscape." An important component of the positive impact from grazing is the research that precedes the implementation of proper grazing techniques and resource management practices of our rangelands. Since the Secretary has recognized the importance of grazing to the health of our rangelands, I believe it is appropriate for the Senate to provide the funding to keep the rangeland research alive.

In Utah, research funds have been utilized on projects involving invader plants, riparian issues, and research on utilization standards. There is no doubt in my mind that the health and wealth of the resource—our rangeland—will be threatened if this research does not continue because funds are not provided in this year's funding bill.

I would like to encourage my colleagues participating in the upcoming conference to accept the House position on rangeland research grants. May I inquire of my colleague from Arkansas, the chairman of the subcommittee, if he can tell me whether this position could be pursued in conference.

Mr. BUMPERS. I appreciate my colleague from Utah expressing his support for the continued funding of rangeland research grants by the Department of Agriculture. I am pleased to learn that these grants have proven their effectiveness in his State. While I am not in a position to indicate what will happen in conference on this or any other subjects in this bill, I can assure my colleague that I will review his comments carefully on this matter and keep them in mind during conference. Again, I appreciate his comments on this issue.

Mr. HATCH. I thank my colleague. I ask unanimous consent that a partial list of projects directly related to rangeland research currently under way at Utah State University be printed at the end of my comments. These projects are not all funded through the rangeland research appropriation to CSRS, but many of them are related directly to projects which are funded through the agency's competitive grants program.

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

#### RANGELAND RESEARCH AT UTAH STATE UNIVERSITY—PARTIAL LIST

- Determining and improving the carrying capacity of private and public rangelands.
- Modes and mechanisms of Scarpie infection in sheep.
- Biological control of rangeland pests.
- Germ cell and embryo development in range cattle.
- Improving ruminant utilization of low quality forages via genetic selection.
- Evaluation of grazing systems and animal response to southern Utah forested ranges.
- Grazing livestock nutrition and management to improve production efficiency.
- Improvement of grass and legume forages.
- Improving stress resistance in forages of the western U.S.
- Watershed management and nutrient composition and concentration in rangeland soils.
- Control of toxic and noxious weeds on rangelands.
- Sustainable agriculture systems in range and ranch management.
- Reducing riparian damage through animal social learning.
- Stability of plant communities in sagebrush dominated land.
- Rangeland monitoring and assessment.

The spread of Utah Juniper on Utah ranges.

The economics of pasture management practices in Utah.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. HEFLIN. Mr. President, I wish to send to the desk an amendment.

The PRESIDING OFFICER. The Chair will inform the Senator from Alabama he needs to seek unanimous consent to set aside all other committee amendments to offer his amendment.

Mr. HEFLIN. Mr. President, I ask unanimous consent that all other amendments that are now pending be set aside.

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

AMENDMENT NO. 2303

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

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Alabama [Mr. HEFLIN] proposes an amendment numbered 2303.

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

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

The amendment is as follows:

On page 88, after line 12 insert:

Sec. 742. In addition to funds made available elsewhere in this Act, there are hereby appropriated as of the date of enactment of this Act the following, to remain available through September 30, 1995:

Emergency Community Water Assistance Grants, \$10,000,000;

Very Low-Income Housing Repair Grants, \$15,000,000;

Agricultural Credit Insurance Fund Program Account:

For the cost of direct loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: emergency loans, \$7,670,000.

Provided, That these amounts are designated by Congress as an emergency requirements pursuant to section 251 (b)(2)(D)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and that such amounts shall be available only to the extent the President designates such use an emergency requirements pursuant to such Act.

Of the amount appropriated in the Emergency Supplemental Appropriations Act of 1994, Public Law 103-211, for Watershed and Flood Prevention Operations, \$23 million is transferred to the Emergency Conservation Program.

The PRESIDING OFFICER. The Senator is recognized.

Mr. HEFLIN. Mr. President, this amendment that I have sent to the

desk deals with the disaster assistance that is needed relative to the flooding that has occurred in the States of Alabama, Georgia, and Florida.

The President has already announced that there would be the same disaster program dealing with the floods in Georgia, Alabama, and Florida as was used pertaining to the Mississippi Valley flooding last year.

My amendment addresses some particular needs relative to rural America, particularly where there has been flooding and other disasters.

The money that we seek here in these programs will enable the people of South Alabama, South Georgia and North Florida to put their lives back together in the aftermath of the flood which has devastated much of this rural region.

Included in my amendment is \$10 million for rural water and sewer systems. The emergency water system grants included in this package will help rural water and sewer systems repair and rebuild their damaged systems. This money is extremely important because currently there are a number of citizens in the flood areas that do not have suitable drinking water. In fact the drinking water is polluted and there are not, in many instances, properly working sewer systems.

This amendment also contains \$23 million for the Emergency Conservation Program. This program provides cost share moneys to individuals to help clean up the debris left in the wake of the flood.

This amendment also includes additional money for the Emergency Watershed Program as well. The language in this amendment calls on the USDA to use money left over from last year's flooding problems in the Midwest. Such sums as necessary will be set aside to fund the watershed program in this tri-State region of Georgia, Alabama, and Florida. This program, which is administered through the Soil Conservation Service, provides money to help repair washouts, gullies, damaged levees and terraces.

I was down in Alabama a week ago from this last Saturday and flew over much of the farmlands, and you could see the gullies and you could see many of the terraces that had been destroyed. This section of Alabama had just gone through a detailed soil conservation program in which farmers had adopted and implemented and put into practice all of the various procedures that the Soil Conservation Service had required, and the flood has caused tremendous damage to this, and there is a need for help and assistance in getting these farms back to where they were prior to this flood. From the damages that I witnessed firsthand, the money will be sorely needed.

Also included in this amendment is money for farmers who have lost their

crops as a result of the flooding. While no dollar figure is attached to this provision, it is understood that such sums as necessary will be appropriated to meet these needs. Additionally, \$25 million will be made available in emergency farm loans to farmers who have suffered major losses. I have personally talked to President Clinton about this matter, and he has assured me that farmers in the Southeast will be treated just like the farmers in the Midwest were last year. I commend the President and OMB on behalf of the farmers in this tri-State region for their assistance in this matter.

This bill also includes \$15 million for housing repairs in flood affected areas. I also have a commitment from the administration that additional money for rural housing assistance will be forthcoming once we have a better idea as to the total amount of the damage. By the time this bill is in conference, we should be able to lock down the exact figures for additional housing money. It is also my understanding that additional moneys will be provided in the business and industry loan portion of this bill.

This program is operated through the Farmer's Home Administration. This money would be used to help small businesses get back on their feet after the flood waters have receded.

Mr. President, I believe the Federal Government has a responsibility to come to the aid of the tri-State area of Georgia, Florida, and Alabama at this time because our local communities clearly do not have the necessary resources to pay for the entire cost of the cleanup.

I would like to commend the chairman and the ranking member of the Agriculture Appropriations Subcommittee for working with us and their staffs for working with my staff to ensure that the people of this tri-State region are assisted in this time of need.

Now, Mr. President, we understand that probably it would not be appropriate to put in statutory language to the effect that such funds as are necessary will be provided for watershed and flood prevention operation.

These funds shall be made available for the Emergency Supplemental Act of 1994. Also, business and industry loans should be made available through existing 1994 funds.

But we would expect that in conference there would be statements in the report of the conferees pertaining to that which would give direction to the Department of Agriculture pertaining to the watershed flood prevention operation and to the business and industry loans that I have just mentioned.

Mr. COCHRAN. Has the distinguished Senator completed his statement in support of his amendment.

Mr. HEFLIN. I think so, yes.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. COCHRAN] is recognized.

Mr. COCHRAN. Mr. President, let me first of all commend the Senator from Alabama, my friend and neighbor, for offering this amendment. It is an effort to extend the provisions of existing law in other legislation which have been passed by the Congress to the victims of the disasters that have recently befallen those three States the Senator mentioned.

There are other Senators who have brought to the attention of the managers amendments that are intended to be offered to this bill on the same subjects. Specifically, we have heard from Senator COVERDELL of Georgia, who has brought to our attention an amendment to extend deficiency payments to farmers in advance as a way to help compensate them for damages that have been sustained or will be sustained as a result of these terrible floods that have hit the States of Georgia, Alabama, and Florida.

We also understand there is another amendment under development and preparation by Senator COVERDELL similar to the amendment that has now been offered by Senator HEFLIN.

Senator BUMPERS and I, for example, have also prepared an amendment, which we are prepared to offer to the bill, to provide disaster assistance for 1994 crops. That would be based upon the provisions of the 1990 farm bill that had as a title "Disaster Assistance" and provided certain procedures be followed in order to have eligible farmers given disaster benefits.

Part of that is the fact that Congress must declare that an emergency exists in order to qualify this disaster for those benefits. The President must also agree by issuing a declaration that an emergency exists and that this disaster is of the kind and quality contemplated in the law.

So what Senator HEFLIN is doing is something that is consistent with the efforts that others are also trying to develop to make sure that those who have suffered from this recent disaster are qualified and eligible for the same kind of disaster benefits that were made available in the Midwest floods and that have been made available to others in similar circumstances.

So, on the part of this Senator, I want to state my support for the effort that is being made and commend Senator HEFLIN for bringing this suggestion to the attention of the Senate.

I might just point out that in our State and in the State of Arkansas and some other States earlier this year, there were disasters which occurred as a result of freezing temperatures. Immense damage was sustained by pecan orchards, peach orchards, and other agriculture activities over a large area, particularly in my State. I do not

think we have seen a disaster quite like the damage that was occasioned by reason of the freeze earlier this year.

So one of the suggestions being made—it is already in the committee bill now before the Senate, and to clarify the matter in later amendments which I hope can be included in a disaster amendment—is the fact that these victims are also entitled to share in whatever disaster assistance may be made available by the administration.

I might just say, before we take final action on this amendment, I hope we will have an opportunity to consider similar amendments that have been prepared and any suggestions that other Senators would like to make on this subject. But it is important that we take action and it be included in this bill.

So for that reason, I want to commend the Senator from Alabama and assure him of our cooperation in trying to make sure that we do address this issue and we do so in a way that is as sensitive and as generous as can be under the terms of existing law and our behavior in circumstances like this in the past.

(Mrs. BOXER assumed the chair.)

Mr. HEFLIN. Madam President, I wish to thank the distinguished Senator from Mississippi for his kind words and for pointing out the fact that other Senators are working on this problem.

I have had discussions with Senator NUNN pertaining to this issue. I believe that he will be speaking on this issue, and perhaps may be offering something himself relative to it.

But I also particularly want to point out that in the beginning I mentioned not only this flooding, but other disasters. I had in mind also the same thing—I did not deal with it in detail—that Senator COCHRAN brought out about the freezes, in particular in the northern part of Mississippi and in the northern part of Alabama and other States.

So the overall package that we are all working on is designed to take care of all disasters—whether freezes, floods, droughts, insect activity, worms; we have had beet army worms that have been disastrous that have occurred and in the cotton areas. We feel like it will be comprehensive to the extent of taking care of all of those situations that exist.

So I will be looking forward to working with Senator COVERDELL and Senator NUNN and any other Senators; Senator GRAHAM and Senator MACK ought to have some ideas pertaining to this. I think the idea right now is to hold it over until we get to adoption of this amendment, and then take action on it, as well as action on the other amendments.

I might say, of course, that the House, having passed a bill and then

the Senate taking care of this and including the disaster assistance program in this, when it goes to conference there may have to be some adjustments of the figures. But the figures that we have, and as we have put in our amendment today, have come as a result of working with the Department of Agriculture and also OMB relative to the needs of the TriState area.

I think we will have a little better idea by the time this goes to conference as to what the final figures might be.

I yield the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

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

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BUMPERS. Madam President, what is the pending business?

The PRESIDING OFFICER. The Hefflin amendment is the pending business.

Mr. BUMPERS. Madam President, I ask unanimous consent the pending amendment be set aside in order to offer an amendment.

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

#### AMENDMENT NO. 2304

Mr. BUMPERS. Madam President, I send an amendment to the desk and ask for its immediate consideration. I offer this amendment on behalf of Senator LEAHY.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for Mr. LEAHY, proposes an amendment numbered 2304.

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

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

The amendment is as follows:

On the appropriate page insert at the end of Sec. 716 the following " , unless additional acres in excess of the 100,000 acre limitation can be enrolled without exceeding \$93,200,000, provided that the unused portion of the fiscal year 1994 appropriation shall be used in addition to the \$93,200,000."

Mr. LEAHY. Madam President, I rise today to offer an amendment to H.R. 4554, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill, 1995 which will correct a funding problem for the Wetlands Reserve Program.

This bill appropriates \$93.2 million for the Wetlands Reserve Program and

increase of \$26.5 million from last year. However, the bill also imposes a 100,000 cap on the amount of acreage allowed into the program.

I am opposed to this cap for three reasons.

First, farmers want to do more to protect wetlands. This year, six times as many eligible farmers asked to participate in the program than could be enrolled.

Second, the effect of this cap is to transfer money that was set aside for this program in the 1990 farm bill to a host of other items funded by the appropriations bill.

Third, this cap undercuts the cost-effective administration of this program by the Department of Agriculture. This cap prohibits the Department of Agriculture from enrolling more than 100,000 acres, even if they can be enrolled with the appropriated funds. In other words, if USDA enrolls cheaper acres into the program, they cannot use the savings to allow more farmers to participate in the program. Our farmers lose because they cannot participate in the program and the public loses because valuable wetlands that could be permanently protected are not enrolled.

My amendment would remove the cap from this bill. In addition, my amendment would remove the 75,000-acre cap imposed in fiscal year 1994. By removing the cap imposed in fiscal year 1994 and in this bill, the Department of Agriculture will be able to enroll over 50,000 additional acres into the Wetland Reserve Program.

I urge my colleagues to support this important amendment.

Mr. BUMPERS. Madam President, this is an amendment dealing with the wetland reserve, which has been cleared on both sides.

Mr. COCHRAN. Madam President, we have reviewed the amendment on this side and have no objection to it.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 2304) was agreed to.

Mr. BUMPERS. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

#### USER FEES

Mr. HATCH. Madam President, the administration's fiscal year 1995 request for the Food and Drug Administration includes \$645 million in budget authority and \$343 million from user fees—one-third of the FDA's budget, \$252 million would come from new user fees.

Specifically, the FDA proposed to collect \$79 million under the Prescription Drug User Fee Act, \$24 million from yet unauthorized new medical device user fees, \$6.5 million in fees from

the Mammography Quality Standards Act, and \$5 million from fees for certification and Freedom of Information Act requests.

The agency has no detailed plans for how to collect the other \$228 million, and, indeed, I have serious concerns about their plans for the \$24 million in device fees.

When FDA Commissioner Kessler testified before the House in March of this year, the Agriculture Appropriations Subcommittee chairman asked him when the Congress would see the details of their whole user fee proposal. Commissioner Kessler responded, "There are many complex issues associated with collecting substantial new user fees. We do not yet have a detailed proposal to accomplish this."

Commissioner Kessler added,

I can assure you we are still evaluating candidates for such fees. We are looking at virtually all FDA activities except those covered by specific current or proposed user fee authority. Activities left to consider include the food and animal drug activities of the Agency, our activities at the National Center for Toxicological Research, generic and over the counter drug programs, blood banks, most of our import and domestic inspection activities, and our enforcement and compliance activities.

In other words, Commissioner Kessler is looking at imposing user fees on almost every activity of the agency.

When the FDA testified before the Senate subcommittee 2 months later, in May of this year, he was unable to provide any additional details. Yet, the bill before us proposes \$150 million in user fees.

It is very clear to me that the Agriculture Appropriations Subcommittee, under the capable leadership of our colleagues from Arkansas, Senator BUMPERS, and from Mississippi, Senator COCHRAN, were in a difficult situation. The subcommittee's allocation was tight, and I am very sympathetic to the hard task my Appropriations Committee colleagues faced in trying to fund adequately all of the programs at the Agriculture Department, as well as the FDA.

In this context, I can understand the committee's willingness to examine a revenue-raising provision advanced by the administration. It is some consolation that the committee only allowed for \$150 million in new user fees, as opposed to the request which was over \$100 million higher.

Nevertheless, I have a range of concerns about this language and the negative impact it is sure to have if enacted. I am extremely hopeful that, if this cannot be corrected on the floor, my colleagues will work in conference to see that the House position on FDA user fees is retained.

I know that our time is short, here, so I will summarize my concerns.

First, as I have detailed, I do not think it is possible for the FDA to implement user fees of this magnitude in the coming fiscal year.

Second, the user fees in this bill would supplant direct appropriations, and could not be used as revenues to assist FDA in fulfilling its mission. This, of course, is in contrast to the prescription drug user fees which had been authorized in advance for a specific purpose. If anything, the prescription drug user fee precedent should convince us not to move too quickly on other FDA fees, as thus far it has not shown the promise for which we had hoped when Public Law 102-571 was enacted 2 years ago.

Third, the basic premise of a user fee is that it is not a tax and that it goes to support a specific service or activity that is provided in return. When we are considering "fees," which could amount to one-third of the agency's funding, I think you have to seriously question whether in fact these are taxes in user fee clothing.

Fourth and finally, I think that this represents questionable public policy. Let's just look at one potential user fee—medical devices. The medical device industry is one of the Nation's most competitive industries in the global marketplace. It is comprised of a range of manufacturers, both small and large, all of which are contributing to a positive trade balance in devices. That is something of which we can be proud. A user fee for devices would amount to a tax on innovation, a tax which would hit very, very hard at small manufacturers, discouraging their innovation and investment, and possibly driving them out of business.

When the prescription drug user fee was considered 2 years ago, we were looking at an FDA center that was basically strong but overburdened with too much paperwork and too few personnel. Leaving aside my concern that the process could be streamlined, I agreed to work with my colleagues to craft a proposal after industry signaled that it was warranted and workable.

There is no such agreement with the medical device community, as was evident from a hearing last week held by my distinguished colleague in the House of Representatives, HENRY WAXMAN. At that hearing, Wayne Barlow, president of a small Utah manufacturing company and chairman of the Utah Biomedical Industry Council, testified on behalf of 200 companies. Utah, I might add, has led the Nation in growth of its registered device manufacturers, with a 19-percent increase from 153 companies in 1991 to 182 companies in 1992.

I agree with what Mr. Barlow told the committee, which essentially was that the problem with medical device approvals does not stem primarily from resources, but rather from the agency's management of the program and from its regulatory overreach which consumes an ever-growing amount of resources.

For these reasons, again, I hope that we can eliminate the user fee provision

from the final bill and retain the House language.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk processed to call the roll.

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

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

#### MORNING BUSINESS

Mr. BUMPERS. Madam President, I ask unanimous consent that there now be a period for morning business, with Senators permitted to speak therein for up to 3 minutes each.

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

#### NATIONAL COMMUNICATION POLICY

Mr. DURENBERGER. Madam President, sometime over the next few weeks the issue of national communications policy is likely to come before us. It is a huge issue much impacts on our economy, our quality of life, and our global competitiveness. It is an issue much in need of congressional attention because—despite technological advancement and the judicial dismantling of AT&T—national communications policy has gone virtually unchanged for 60 years.

My constituents are increasingly interested in this issue and seem to realize that what we do will affect the price and availability of communications services and whether they have a choice in communications providers for local telephone, cable television, and long distance services.

The Senate Commerce Committee will soon be completing markup of S. 1822, the legislation sponsored by Senator HOLLINGS. I applaud the chairman of the Commerce Committee for focusing attention on communications issues and for completing the yeoman's work of the Communications Act of 1994. Although the road to reaching a consensus on how we can fairly attain open competition in local and long distance telephone services is rife with potholes, I believe middle ground is attainable. I am encouraged by recent statements by Chairman HOLLINGS that he wants to work out remaining issues in the bill including RBOC entry into long distance services.

As I grapple with this issue, it is hard to ignore the recent success of the other body. Before the July 4 recess, the House of Representatives overwhelmingly passed legislation addressing communications competition and infrastructure investment. This does not mean the proposal adopted by the House was without controversy in its

formative or final stages, but it does demonstrate the unanimity of purpose of the legislators to seek compromise and go forward on national communications policy. I believe this same sense of purpose is shared in our body.

Madam President, I am not saying that we cannot improve on the work done in the House of Representatives. My impression is that the House package displeased everyone equally—and that may not be a bad thing. The major Senate proposals—S. 1822 and S. 2111—also have their staunch supporters and vocal critics, and deserve close review.

It is my hope that those industries and individuals engaged in the debate are prepared to accept the good with the bad in whatever form the final Senate legislation takes—so long as the proposal fulfills our objectives without unfairly advantaging or disadvantaging one company or industry segment at the expense of another. Most importantly, we must advance a bill which best serves the intended beneficiaries of a multifaceted information infrastructure: the general public. The House sought to strike this balance. We can find it, too.

#### EXECUTIVE SESSION

##### EXECUTIVE CALENDAR

Mr. BUMPERS. Madam President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations: Calendar No. 1089, Guido Calabresi, to be U.S. circuit judge; calendar No. 1090, Daniel C. Dotson, to be U.S. marshal.

I further ask unanimous consent that the nominees be confirmed, en bloc; that any statements appear in the RECORD as if read; that upon confirmation, the motions to reconsider be laid upon the table, en bloc; that the President be immediately notified of the Senate's action; and that the Senate return to legislative session.

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

The nominations considered and confirmed, en bloc, are as follows:

##### THE JUDICIARY

Guido Calabresi, of Connecticut, to be United States Circuit Judge for the Second Circuit.

##### DEPARTMENT OF JUSTICE

Daniel C. Dotson, of Utah, to be United States Marshal for the District of Utah for the term of four years.

##### STATEMENT ON THE NOMINATION OF GUIDO CALABRESI

Mr. LEAHY. Madam President, I rise today in support of the President's nomination of Dean Guido Calabresi to the U.S. Court of Appeals for the Second Circuit. We in the second circuit will benefit greatly from Dean Calabresi's knowledge of the law and sense of justice.

Dean Calabresi left Milan at age 6. He has distinguished himself as an excep-

tional mind. As an undergraduate of Yale University, he graduated first in his department. In 1953, he received a degree from Oxford University as a Rhodes Scholar. He entered Yale Law School in 1955 where, true to form, he earned many distinctions: He was ranked first in his class, received the Jewell, Robbins, and Frank Prizes for scholarship, was inducted into the Order of the Coif, and was a note editor of the Yale Law Journal.

After graduating from law school, this nominee clerked for Supreme Court Justice Hugo Black. Guido Calabresi then joined the professorial ranks at the Yale Law School. He has served as an assistant professor, associate professor, and as dean of the Yale Law School. Over the years, many Yale students have had the opportunity to learn from Dean Calabresi in his classes on torts, economic analysis of law, legal process, law and medicine, constitutional theory, and Federal estate and gift taxation.

Law students everywhere have become well-acquainted with his writings, particularly his four books on the subjects of accident law, the distribution of scarce goods within a society, common law, and the effects of attitudes and ideals on the law.

For his writings, the nominee has received the American Bar Association Certificate of Merit, ABA's Triennial Book Award, and the Order of the Coif for his book "A Common Law for the Age of Statutes." His book, "Ideals, Beliefs, Attitudes and the Law: Private Law Perspectives on Public Law Problems," received the ABA Silver Gavel Award.

Today, Dean Calabresi is widely recognized as a leading scholar in law and economics. He has received 19 honorary degrees and has lectured at many institutions and schools. In 1962, the U.S. Chamber of Commerce named Guido Calabresi one of the Ten Outstanding Young Men in America. Notre Dame awarded him the Laetare Medal as outstanding teacher of law and William and Mary Law School has bestowed upon him the Marshall-Wythe Medal.

Guido Calabresi's involvement in the New Haven community does not stop at his contributions to Yale Law School. Along with his wife, who is a full-time volunteer worker, he donates his time to programs for inner-city youth. He often helps out at the St. Thomas More Soup Kitchen, and is on the board of several organizations dedicated to assisting the disadvantaged, including the Dixwell Community House and Friends of Legal Services for Southern Connecticut, and the Gender Bias Task Force.

A brilliant scholar, a dedicated teacher of law and a compassionate, generous man, Calabresi embodies many of the qualities that are so important to a good judge. I am confident that his thoughtful opinions and judicious temperament will serve the people

of the second circuit and the country well. It is with pleasure that I urge his confirmation.

#### LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

#### NATIONAL EMERGENCY WITH RESPECT TO LIBYA—MESSAGE FROM THE PRESIDENT—PM 132

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Banking, Housing and Urban Affairs:

*To the Congress of the United States:*

I hereby report to the Congress on the developments since my last report of February 10, 1994, concerning the national emergency with respect to Libya that was declared in Executive Order No. 12543 of January 7, 1986. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c); section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c); and section 505(c) of the International Security and Development Corporation Act of 1985, 22 U.S.C. 2349aa-9(c).

1. As previously reported, on December 2, 1993, I renewed for another year the national emergency with respect to Libya pursuant to IEEPA. This renewal extended the current comprehensive financial and trade embargo against Libya in effect since 1986. Under these sanctions, all trade with Libya is prohibited, and all assets owned or controlled by the Libyan government in the United States or in the possession or control of U.S. persons are blocked. In addition, I have instructed the Secretary of Commerce to reinforce our current trade embargo against Libya by prohibiting the re-export from foreign countries to Libya of certain U.S.-origin products, including equipment for refining and transporting oil, unless consistent with United Nations Security Council Resolution 883.

2. There have been two amendments to the Libyan Sanctions Regulations, 31 C.F.R. Part 550 (the "Regulations"), administered by the Office of Foreign Assets Control ("FAC") of the Department of the Treasury, since my last report on February 10, 1994. The first amendment (59 *Fed. Reg.* 5105, February 3, 1994) revoked section 550.516, a general license that unblocked deposits in currencies other than U.S. dollars held by U.S. persons abroad otherwise blocked under the Regulations. This amendment is consistent with action by the United Nations Security Council in Resolution 883 of November 11, 1993.

The Security Council determined in that resolution that the continued failure of the Government of Libya ("GoL") to demonstrate by concrete actions its renunciation of terrorism, and in particular the GoL's continued failure to respond fully and effectively to the requests and decisions of the Security Council in Resolutions 731 and 748, concerning the bombing of the Pan Am 103 and UTA 772 flights, constituted a threat to international peace and security. Accordingly, Resolution 883 called upon Member States, *inter alia*, to freeze certain GoL funds or other financial resources in their territories, and to ensure that their nationals did not make such funds or any other financial resources available to the GoL or any Libyan undertaking as defined in the resolution. In light of this resolution, FAC revoked section 550.516 to eliminate a narrow exception that had existed to the comprehensive blocking of GoL property required by Executive Order No. 12544 of January 8, 1986 (3 C.F.R., 1986 Comp., p. 183), and by the Regulations. A copy of the amendment is attached to this report.

On March 21, 1994, FAC amended the Regulations to add new entries to appendices A and B (59 *Fed. Reg.* 13210). Appendix A ("Organizations Determined to be Within the Term 'Government of Libya' (Specially Designated Nationals of Libya)") is a list of organizations determined by the Director of FAC to be within the definition of the term "Government of Libya" as set forth in section 550.304(a) of the Regulations, because they are owned or controlled by, or act or purport to act directly or indirectly on behalf of, the GoL. Appendix B ("Individuals Determined to be Specially Designated Nationals of the Government of Libya") lists individuals determined by the Director of FAC to be acting or purporting to act directly or indirectly on behalf of the GoL, and thus to fall within the definition of the term "Government of Libya" in section 550.304(a).

Appendix A to part 550 was amended to provide public notice of the designation of North Africa International Bank as a Specially Designated National ("SDN") of Libya. Appendix A was further amended to add new entries for four banks previously listed in Appendix A under other names. These banks are Banque Commerciale du Niger (formerly Banque Arabe Libyenne Nigerienne pour le Commerce Extérieur et le Développement), Banque Commerciale du Sahel (formerly Banque Arabe Libyenne Malienne pour le Commerce Extérieur et le Développement), Chinguetty Bank (formerly Banque Arabe Libyenne Mauritanienne pour le Commerce Extérieur et le Développement), and Société Interafricaine du Banque (formerly Banque Arabe Libyenne Togolaise pour le Commerce Extérieur). These banks remain listed

in Appendix A under their former names as well.

Appendix B to Part 550 was amended to provide public notice of three individuals determined to be SDNs of the GoL: Seddigh Al Kabir, Mustafa Saleh Gibril, and Farag Al Amin Shallouf. Each of these three individuals is a Libyan national who occupies a central management position in a Libyan SDN financial institution.

All prohibitions in the Regulations pertaining to the GoL apply to the entities and individuals identified in appendices A and B. All unlicensed transactions with such entities or persons, or transactions in which they have an interest, are prohibited unless otherwise exempted or generally licensed in the Regulations. A copy of the amendment is attached to this report.

3. During the current 6-month period, FAC made numerous decisions with respect to applications for licenses to engage in transactions under the Regulations, issuing 69 licensing determinations—both approvals and denials. Consistent with FAC's ongoing scrutiny of banking transactions, the largest category of license approvals (33) concerned requests by non-Libyan persons or entities to unblock bank accounts initially blocked because of an apparent GoL interest. The largest category of denials (18) was for banking transactions in which FAC found a GoL interest. Four licenses were issued authorizing intellectual property protection in Libya.

4. During the current 6-month period, FAC continued to emphasize to the international banking community in the United States the importance of identifying and blocking payments made by or on behalf of Libya. The FAC worked closely with the banks to implement new interdiction software systems to identify such payments. As a result, during the reporting period, more than 126 transactions involving Libya, totaling more than \$14.7 million, were blocked. Four of these transactions were subsequently licensed to be released, leaving a net amount of more than \$12.7 million blocked.

Since my last report, FAC collected 15 civil monetary penalties totaling nearly \$144,000 for violations of the U.S. sanctions against Libya. Twelve of the violations involved the failure of banks to block funds transfers to Libyan-owned or -controlled banks. The other three penalties were received for violations involving letter of credit and export transactions.

Various enforcement actions carried over from previous reporting periods have continued to be aggressively pursued. Open cases as of May 27, 1994, totaled 330. Several new investigations of potentially significant violations of the Libyan sanctions have been initiated by FAC and cooperating U.S. law enforcement agencies, primarily the U.S. Customs Service. Many of these

cases are believed to involve complex conspiracies to circumvent the various prohibitions of the Libyan sanctions, as well as the utilization of international diversionary shipping routes to and from Libya. The FAC has continued to work closely with the Departments of State and Justice to identify U.S. persons who enter into contracts or agreements with the GoL, or other third-country parties, to lobby United States Government officials and to engage in public relations work on behalf of the GoL without FAC authorization.

On May 4, 1994, FAC released a chart, "Libya's International Banking Connections," which highlights the Libyan government's organizational relationship to 102 banks and other financial entities located in 40 countries worldwide. The chart provides a detailed look at current Libyan shareholdings and key Libyan officers in the complex web of financial institutions in which Libya has become involved, some of which are used by Libya to circumvent U.S. and U.N. sanctions. Twenty-six of the institutions depicted on the chart have been determined by FAC to be SDNs of Libya. In addition, the chart identifies 19 individual Libyan bank officers who have been determined to be Libyan SDNs. A copy of the chart is attached to this report.

In addition, on May 4, 1994, FAC announced the addition of five entities and nine individuals to the list of SDNs of Libya. The five entities added to the SDN list are: Arab Turkish Bank, Libya Insurance Company, Maghreban International Trade Company, Savings and Real Estate Investment Bank, and Soci t  Maghrebine D'Investissement et de Participation. The nine individuals named in the notice are: Yousef Abd-El-Razegh Abdelmulla, Ayad S. Dahaim, El Hadi M. El-Fighi, Kamel El-Khallas, Mohammed Mustafa Ghabban, Mohammed Lahmar, Ragiab Saad Madi, Bashir M. Sharif, and Kassem M. Sherlala. All prohibitions in the Regulations pertaining to the GoL apply to the entities and individuals identified in the notice issued on May 4, 1994. All unlicensed transactions with such entities or persons, or transactions in which they have an interest, are prohibited unless otherwise exempted or generally licensed in the Regulations. A copy of the notice is attached to this report.

The FAC also continued its efforts under the Operation Roadblock initiative. This ongoing program seeks to identify U.S. persons who travel to and/or work in Libya in violation of U.S. law.

5. The expenses incurred by the Federal Government in the 6-month period from January 7, 1994, through July 6, 1994, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated

at approximately \$1 million. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

6. The policies and actions of the GoL continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. The United States continues to believe that still stronger international measures than those mandated by United Nations Security Council Resolutions 883, including a worldwide oil embargo, should be enacted if Libya continues to defy the international community. We remain determined to ensure that the perpetrators of the terrorists acts against Pan Am 103 and UTA 772 are brought to justice. The families of the victims in the murderous Lockerbie bombing and other acts of Libyan terrorism deserve nothing less. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

WILLIAM J. CLINTON.

THE WHITE HOUSE, July 18, 1994.

#### FISHERIES AGREEMENT WITH THE REPUBLIC OF LITHUANIA—MESSAGE FROM THE PRESIDENT—PM 133

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, together with accompanying papers; pursuant to title 16 United States Code section 1823(b); which was referred to the Committee on Commerce, Science, and Transportation, and the Committee on Foreign Relations:

*To the Congress of the United States:*

In accordance with the Magnuson Fishery Conservation and Management Act of 1976 (Public Law 94-265; 16 U.S.C. 1801 *et seq.*), I transmit herewith an Agreement between the Government of the United States of America and the Government of the Republic of Lithuania Extending the Agreement of November 12, 1992, Concerning Fisheries off the Coasts of the United States, with annex. The agreement, which was effected by an exchange of notes at Vilnius, Lithuania on February 22, 1994, and May 11, 1994, extends the 1992 agreement to December 31, 1996. The exchange of notes, together with the 1992 agreement, constitutes a governing international fishery agreement within the requirements of section 201(c) of the Act.

In light of the importance of our fisheries relationship with the Republic of Lithuania, I urge that the Congress

give favorable consideration to this agreement at an early date.

WILLIAM J. CLINTON.

THE WHITE HOUSE, July 18, 1994.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. INOUE, from the Committee on Indian Affairs, with an amendment in the nature of a substitute:

S. 1936. A bill to provide for the integrated management of Indian resources, and for other purposes (Rept. No. 103-316).

#### INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. RIEGLE:

S. 2291. A bill to separate certain activities involving derivative financial instruments from the insured deposits of insured depository institutions, to provide for regulatory coordination in the establishment of principles related to such activities, to provide enhanced regulatory oversight, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HATFIELD:

S. 2292. A bill to amend the Watershed Protection and Flood Prevention Act to establish a Waterways Restoration Program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KERRY:

S. 2293. A bill to modify the negotiating objectives of the United States for future trade agreements, and for other purposes; to the Committee on Finance.

By Mr. INOUE (for himself, Mr.

AKAKA, Mr. BAUCUS, Mr. BINGAMAN, Mr. BOREN, Mrs. BOXER, Mr. BRADLEY, Mr. BRYAN, Mr. BURNS, Mr. CAMPBELL, Mr. CHAFFEE, Mr. COCHRAN, Mr. COHEN, Mr. CONRAD, Mr. CRAIG, Mr. DASCHLE, Mr. DECONCINI, Mr. DODD, Mr. DOMENICI, Mr. DORGAN, Mr. DURENBERGER, Mr. EXON, Mr. GORTON, Mr. GRAHAM, Mr. HATCH, Mr. HEFLIN, Mr. HOLLINGS, Mrs. KASSEBAUM, Mr. KEMPTHORNE, Mr. KENNEDY, Mr. LAUTENBERG, Mr. LEVIN, Mr. MATHEWS, Mr. MCCAIN, Mr. MITCHELL, Mr. MURKOWSKI, Mrs. MURRAY, Mr. NICKLES, Mr. PELL, Mr. REID, Mr. ROTH, Mr. SIMON, Mr. SPECTER, Mr. STEVENS, and Mr. WELLSTONE):

S.J. Res. 210. A joint resolution to designate the month of November 1994 as "National Native American Heritage Month"; to the Committee on the Judiciary.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. RIEGLE:

S. 2291. A bill to separate certain activities involving derivative financial instruments from the insured deposits of insured depository institutions, to provide for regulatory coordination in the establishment of principles related to such activities, to provide enhanced regulatory oversight, and for other

purposes; to the Committee on Banking, Housing, and Urban Affairs.

DERIVATIVES SUPERVISION ACT OF 1994

Mr. RIEGLE. Mr. President, today I rise to introduce the Derivatives Supervision Act of 1994. I offer this legislation as a means to achieve the appropriate supervision and regulation of the market for derivative instruments—a market that has grown since 1980 to more than \$12 trillion in notional amount—the amount of principal in the underlying assets. And that figure—as large as it is—does not even include exotic mortgage securities or other structured debt issues.

A derivatives transaction is a contract whose value depends on—or derives from—the value of an underlying asset, reference rate or index. Derivatives, which can be customized through negotiation between counterparties or standardized contracts whose terms are fixed, are intended to provide cost-effective protection against risks associated with rate and price movements. Basically, derivatives allow the transfer of risks from parties less willing or able to manage the risks to parties more willing or able to handle them.

According to the GAO, from 1989 to 1992, the total notional amount of derivatives has increased 145 percent. This growth has occurred because derivatives meet the needs of customers to manage the financial risks associated with their operations more efficiently. Yet there are danger signs on the horizon. The rapid growth of the derivative market itself reminds us that such growth in any given financial activity has historically been a warning sign and should be a source of concern. Add to the rate of growth the absolute size of this market and potential risks to the financial system become more apparent.

The warning signs are there. In the past few months, there have been numerous reports of major losses stemming from derivatives use by a wide variety of firms, including—to name a few—Askin Capital Management, Proctor & Gamble, Air Products and Chemicals, Gibson Greeting Cards, Mead Corp., and an Atlantic Richfield employee fund. I will submit for the record several newspaper articles on some of these derivative losses. In recent years, managing the failures of 2 financial firms—Drexel Burnham and Bank of New England—has been greatly complicated by their derivatives positions, although neither was a major dealer in derivatives. We have also seen liquidity problems develop in derivatives during periods of volatility, such as the 1987 stock market crash and, more recently, as long-term interest rates have risen sharply. We cannot afford to wait to address this issue until some more dramatic crisis occurs.

The Banking Committee's concern about risks associated with derivatives is long-standing. The FDIC Improve-

ment Act of 1991 included provisions to improve the enforceability of netting contracts, which reduce the legal risks stemming from the failure of firms active in derivatives. That legislation also required regulators to increase capital standards for institutions with significant interest rate risk associated with derivatives or other instruments, and it required banks to limit their interbank credit exposures from derivatives and other sources. The committee worked hard to see that the Futures Trading Practices Act of 1992 included language reducing the legal risk in trading swaps and that the conference report requested a study of derivatives issues by the CFTC. In September 1992, I requested a study from the banking regulators on risks posed by the derivatives, including their recommendations for regulatory changes. These regulator reports were received by the Senate Banking Committee in January 1993. Further, over 2 years ago, I requested the GAO to study financial derivatives. This study was released just last month, offering numerous recommendations that have been included in the bill I am introducing today. Finally, I have repeatedly questioned the financial regulators about derivatives in their appearances before this Committee.

The regulators have taken some useful steps. The OCC, last fall, called for an interagency task force on derivatives and issued a detailed circular to banks on acceptable risk management practices. At my suggestion the Treasury reconvened the President's Working Group on Financial Markets to consider derivatives issues. More recently Comptroller Ludwig said:

Because of our increasing concern about the risks posed by exotic and complex derivative instruments, we are looking at whether they are appropriate for national banks and, if so, to what extent they are appropriate.

I applaud the regulators for moving on these initiatives and strongly encourage them to take other steps to coordinate their regulation and supervision of this market. But many regulatory gaps persist. As Comptroller Charles Bowsher testified just last month:

If we don't get on top of this, then we run the risk of crises in the future that could have been prevented.

Let me detail just a few of my concerns. The current regulatory structure still does not require adequate disclosure about derivatives activities by dealers or by firms that are end users. I am very concerned that insured deposits are used to fund potentially speculative derivatives operations. I think it is dangerous to permit major derivatives dealer operations in firms with little or no Federal regulation or oversight. I am disappointed that we have not been able to achieve international acceptance of appropriate capital standards relating to derivatives

for all major participants. And I am concerned that we have not adequately encouraged the formation of well-designed clearinghouses to reduce systemic risk.

The bill I introduce today is a step in the direction of rationalizing and coordinating the regulation of derivatives. The Derivatives Supervision Act of 1994 prevents insured depository institutions from speculating in the derivatives market and imposes stringent controls on such institutions using derivatives for hedging or dealing. To protect the Federal deposit insurance funds, and the American taxpayer, insured depository institutions would be precluded from using exotic or especially complex derivative instruments.

Since derivatives may offer ways of lowering risk, a bank holding company—but not a bank—would be permitted to establish a derivatives subsidiary that could engage in a full range of derivatives activities. The capital in the derivatives subsidiary could not be used to satisfy the capital requirements of the bank holding company, in the same manner that the capital of a securities subsidiary of a bank holding company may not be counted towards the required capital of the bank holding company.

Further, to fill some of the regulatory gaps, this bill establishes the Securities and Exchange Commission as the Federal regulator for any major dealer in derivatives such as subsidiaries of broker-dealers or insurance firms that are not otherwise regulated at the Federal level. This regulatory reform is needed to resolve one of the larger flaws with the current regulatory system noted by the GAO in its recent report: due to the complexity and patchwork nature of our financial regulatory system, some very large derivative dealers are not subject to the regulation or oversight of any Federal regulatory agency. By establishing the SEC as the Federal regulator, this serious regulatory gap is closed.

Yet the regulatory structure remains flawed because so many different Federal financial regulators have jurisdiction over the derivatives activities of the institutions they regulate. Greater coordination and cooperation is necessary to ensure that derivatives activities are regulated similarly in different institutions. To achieve this goal, the Derivatives Supervision Act of 1994 requires the Federal financial institution regulatory agencies jointly to establish principles and standards related to capital, accounting, disclosure, suitability and other appropriate regulatory actions; develop minimum capital requirements that address credit risk, market risk, operational risk and legal risk; issue regulations that are consistent; and jointly develop a training program for examiners regarding derivative activities. The Federal financial institution regulatory agencies are: The Office of the Comptroller

of the Currency, the Federal Reserve, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Office of Federal Housing Enterprise Oversight, and the Federal Housing Finance Board.

In this bill, regulators would be given authority to define the range of derivative activities covered. They would include, in addition to financial options, futures, and forwards; instruments that embody similar characteristics, such as exotic structural debt and mortgage backed securities.

In addition to separating certain derivative activities from insured deposits, providing for greater regulatory coordination, and providing that the SEC regulate the currently unregulated major dealers in derivatives, my bill contains several other key provisions.

In order to help regulators better understand the derivative activities of the institutions they regulate, the bill requires that insured depository institutions, Fannie Mae, Freddie Mac, the Federal Home Loan Banks and major dealers disclose certain specified quantitative information with respect to their derivative instruments.

In addition, the act addresses the gap in the understanding of these instruments that often exists between the boards of directors of the participants in these markets and the creators and dealers of these instruments. In 1992, Gerald Corrigan, then president of the New York Federal Reserve Bank, said:

I hope this sounds like a warning because it is. Off-balance sheet activities have a role, but they must be managed and controlled carefully \* \* \* by top management, as well as by traders and rocket scientists.

Accordingly, the act requires that insured institutions, Government sponsored enterprises, and major dealers prepare, as part of their internal controls structure, a management plan that sets forth certain specified information, such as the purpose of the holdings in derivative instruments and the accounting methods that are used to value them. The management plan must require that derivative activities be conducted with direct oversight by appropriate senior executive officers. And, the boards of directors of these institutions must periodically review compliance with their institution's management plan.

Another significant concern about derivatives is that through their misuse, or as a result of the increased linkages across markets and between firms, derivatives could lead to or exacerbate a systemic failure in financial markets. As Federal Reserve Chairman Alan Greenspan told the Banking Committee just a few weeks ago:

[D]erivatives essentially arbitrage the primary markets around the world, pull them together. And what that means is that if an

unrelated [disaster] occurs \* \* \* the capability of that horrendous problem escalating throughout the financial system more quickly than before is clearly there as a consequence of the improved efficiency.

Accordingly, the act requires the regulators to address these systemic risks by providing markets with the proper incentives to form clearinghouses, reduce the buildup of intraday liabilities, and reduce settlement times.

Finally, the act takes a significant step toward the establishment of greater international coordination in the regulation and supervision of derivative instruments. It requires that the Chairman of the Federal Reserve, in consultation with the other Federal financial regulatory agencies, coordinate with the governments, central banks and regulatory authorities of other industrialized countries to work toward maintaining and, where appropriate, adopting comparable supervisory standards and regulations for financial institutions engaged in derivative activities.

Mr. President, the bill I am offering today goes a great distance toward protecting the deposit insurance fund—and taxpayers—from further crisis in the rapidly expanding and complex market in derivative instruments. I urge my colleagues to consider it carefully and lend it their support. Such protection is needed if we are going to place America's financial system on a sound regulatory footing for our generation and generations ahead.

I ask unanimous consent that three newspaper articles on recent losses in the derivatives market, a summary of the bill, and the full text of the bill be included in the RECORD.

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

S. 2291

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Derivatives Supervision Act of 1994".

**SEC. 2. DEFINITIONS.**

For purposes of this Act, the following definitions shall apply:

(1) **APPROPRIATE FEDERAL BANKING AGENCY.**—The term "appropriate Federal banking agency" has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(2) **CAPITALIZATION.**—The terms "adequately-capitalized" and "well-capitalized" have the same meanings as in section 38 of the Federal Deposit Insurance Act.

(3) **DEALER.**—The term "dealer" means any person engaged in the business of purchasing, selling, or engaging in transactions involving derivative financial instruments for its own account, through a broker or otherwise, for the purpose of serving customers who are end-users or other dealers.

(4) **DERIVATIVE FINANCIAL INSTRUMENT.**—The term "derivative financial instrument" means—

(A) a qualified financial contract (as defined in section 11(e)(8) of the Federal Deposit Insurance Act); and

(B) any other instrument which an appropriate Federal financial institutions regulatory agency determines, by regulation or order, to be a derivative financial instrument for purposes of this Act.

(5) **FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCY.**—The term "Federal financial institutions regulatory agency" means—

(A) the Office of the Comptroller of the Currency;

(B) the Board of Governors of the Federal Reserve System;

(C) the Federal Deposit Insurance Corporation;

(D) the Office of Thrift Supervision;

(E) the National Credit Union Administration Board;

(F) the Securities and Exchange Commission;

(G) the Commodity Futures Trading Commission;

(H) the Office of Federal Housing Enterprise Oversight; and

(I) the Federal Housing Finance Board.

(6) **HEDGING TRANSACTION.**—The term "hedging transaction" means any transaction involving a derivative financial instrument if—

(A) such transaction is entered into in the normal course of business primarily—

(i) to reduce risk of price change or currency fluctuations with respect to other transactions entered into by the institution, previously or simultaneously, to which the derivative financial instrument transaction relates, either individually or in the aggregate; or

(ii) to reduce risk of interest rate changes with respect to transactions entered into by the institution, previously or simultaneously, to which the derivative financial instrument transaction relates, either individually or in the aggregate; and

(B) before the close of the day on which such transaction was entered into (or such earlier time as the appropriate Federal financial regulatory agency may prescribe by regulation), the regulated entity clearly identifies such transaction as a hedging transaction.

(7) **INSURED DEPOSITORY INSTITUTION.**—The term "insured depository institution" has the same meaning as in section 3 of the Federal Deposit Insurance Act and includes an insured credit union, as defined in section 101 of the Federal Credit Union Act.

(8) **MAJOR DEALER.**—The term "major dealer" means any dealer whose ability to meet obligations as they become due is potentially significant to the stability of financial markets, as determined by the Federal financial institutions regulators, based upon size, market share, and the extent of linkages with other market participants.

(9) **REGULATED ENTITY.**—The term "regulated entity" means—

(A) an insured depository institution;

(B) a Federal Home Loan Bank, as defined in section 2 of the Federal Home Loan Bank Act;

(C) the Federal National Mortgage Association and any affiliate thereof; and

(D) the Federal Home Loan Mortgage Corporation and any affiliate thereof.

**SEC. 3. LIMITATIONS ON DERIVATIVE ACTIVITIES.**

(a) **GENERAL PROHIBITION.**—Except as provided in subsection (b), a regulated entity may not purchase, sell, or engage in any transaction involving a derivative financial instrument for the account of that entity.

(b) **EXCEPTIONS.**—

(1) **HEDGING TRANSACTIONS.**—A regulated entity may purchase, sell, or engage in any

transaction involving a derivative financial instrument for the account of that entity for the purpose of engaging in a hedging transaction if such activity involves a category of derivative financial instruments approved by rule, regulation, or order of the appropriate Federal financial regulatory agency for such purpose.

(2) DEALING.—

(A) WELL-CAPITALIZED ENTITIES.—A well-capitalized insured depository institution may purchase, sell, or engage in a transaction involving a derivative financial instrument as a dealer if such activity involves a category of derivative financial instruments approved for such purpose by rule, regulation, or order of the appropriate Federal banking agency.

(B) ADEQUATELY CAPITALIZED INSTITUTIONS.—An insured depository institution or a Federal Home Loan Bank that is adequately capitalized may purchase, sell, or engage in a transaction involving a derivative financial instrument as a dealer if—

(i) the appropriate Federal financial institutions regulatory agency determines that such activity by the institution is in the public interest; and

(ii) the category of such derivative financial instrument has been approved for such purpose by any rule, regulation, or order issued under subparagraph (A).

(C) PROHIBITION AGAINST SPECULATION.—Nothing in this section shall be construed to authorize a regulated entity, or any subsidiary of such entity, to purchase, sell, or engage in a transaction involving a derivative financial instrument for its own account for any speculative purpose.

**SEC. 4. REGULATORY COORDINATION.**

(a) SUPERVISION BY FEDERAL FINANCIAL INSTITUTIONS REGULATORY AGENCIES.—

(1) IN GENERAL.—The Federal financial institutions regulatory agencies shall jointly establish principles and standards related to capital, accounting, disclosure, suitability, internal controls structures, and other appropriate regulatory actions for the supervision of regulated entities and major dealers engaged in activities involving derivative financial instruments.

(2) DEVELOPMENT OF MINIMUM CAPITAL STANDARDS.—In establishing principles, standards, or other regulatory actions under paragraph (1), the Federal financial institutions regulatory agencies shall jointly develop minimum capital requirements (including the leverage ratio, if appropriate) to guard against risks that may be posed by regulated entities and major dealers engaged in activities involving derivative financial instruments, including—

- (A) credit risk;
- (B) market risk;
- (C) operational risk; and
- (D) legal risk.

(3) TRAINING.—The Federal financial institutions regulatory agencies shall jointly sponsor training programs concerning derivative financial instruments for examiners and assistant examiners employed by the Federal financial institutions regulatory agencies. Such training programs shall be open to enrollment by employees of State financial institutions supervisory agencies.

(4) CONFIDENTIAL EMERGENCY MANAGEMENT REPORTING.—

(A) IN GENERAL.—

(1) INFORMATION ON A NIGHTLY BASIS.—Not later than 1 year after the date of enactment of this Act, the Federal financial institutions regulatory agencies shall jointly develop a means to obtain, on a nightly basis, all necessary information from a regulated entity or a major dealer.

(i) EMERGENCY NEED.—If any Federal financial institutions regulatory agency determines that such agency needs the information described in clause (1) as a result of adverse market conditions or other emergency situations (as defined by that agency), a regulated entity or a major dealer shall provide such information to its appropriate Federal financial institutions regulatory agency, as may be required by that agency.

(B) CONFIDENTIALITY OF INFORMATION PROVIDED.—A Federal financial institutions regulatory agency that receives information pursuant to this paragraph with respect to any regulated entity or major dealer may not provide such information to any person or entity other than another Federal financial institutions regulatory agency with jurisdiction over that entity, dealer, or affiliate, without the prior written approval of the appropriate Federal financial institutions regulatory agency.

**SEC. 5. DISCLOSURE REQUIREMENTS.**

(a) INFORMATION REQUIRED TO BE INCLUDED IN REPORTS.—Any report of condition or comparable document made by any regulated entity or major dealer in accordance with any applicable provision of law or with respect to any period beginning after December 31, 1994, shall include the following information:

(1) QUANTITATIVE INFORMATION WITH RESPECT TO ALL DERIVATIVE FINANCIAL INSTRUMENTS.—

(A) GROSS NOTIONAL AND FAIR VALUE.—The gross notional value and the gross positive and negative fair values of holdings, positions, or other interests of the regulated entity or major dealer in any category of derivative financial instrument.

(B) REVENUE, GAINS, AND LOSSES.—All revenue (identified by source of revenue), gains, and losses of the institution attributable to holdings, positions, or other interests of the regulated entity or major dealer in any category of derivative financial instrument.

(C) EXPOSURE UNDER BILATERAL NETTING CONTRACT.—The net current credit exposure of the regulated entity or major dealer under legally enforceable bilateral arrangements with respect to holdings, positions, or other interests of the entity or dealer in any category of derivative financial instrument.

(D) EXPOSURE TO INDIVIDUAL COUNTERPARTIES.—The exposure to individual counterparties to any transaction involving holdings, positions, or other interests of the regulated entity or major dealer in any category of derivative financial instrument. The Federal financial institutions regulatory agencies shall determine, by regulation or order, the nature and size of the individual counterparties for which such information shall be required.

(2) TERM TO MATURITY.—Information on the remaining term to maturity of holdings, positions, or other interests of the regulated entity or major dealer in any category of derivative financial instrument.

(b) REPORTING REQUIREMENT.—Information reported pursuant to subsection (a) with respect to derivative financial instruments traded or purchased on an exchange, and the holdings, positions, or other interests in derivative financial instruments which are the subjects of such trades, shall be provided separately from information relating to derivative financial instruments not traded or purchased on an exchange, and the holdings, positions, or other interests in derivative financial instruments which are the subjects of such transactions.

**SEC. 6. MANAGEMENT CONTROLS.**

(a) REQUIREMENTS RELATING TO DIRECTORS AND SENIOR EXECUTIVE OFFICERS.—

(1) MANAGEMENT PLAN REQUIRED WITH RESPECT TO ALL DERIVATIVE FINANCIAL INSTRUMENTS.—A regulated entity or a major dealer may not engage in activities involving derivative financial instruments without, as part of its internal controls structure, a management plan that—

(A) sets forth—

(i) the purpose of the holdings, positions, or other interests of the regulated entity or major dealer in any category of derivative financial instrument;

(ii) how such holdings, positions, or other interests in any category of derivative financial instrument is consistent with the overall risk management plan of the regulated entity or major dealer; and

(iii) how the regulated entity or major dealer acquires holdings, positions, and other interests in any category of derivative financial instruments; and

(B) describes the accounting methods used to value holdings, positions, or other interests of the regulated entity or major dealer in any category of derivative financial instrument; and

(C) requires that derivative financial instrument activities are conducted with direct oversight by the appropriate senior executive officers (as defined pursuant to section 32(f) of the Federal Deposit Insurance Act) of the regulated entity or major dealer.

(2) FAMILIARITY WITH RISKS REQUIRED.—A regulated entity or major dealer may not engage in any transaction involving a derivative financial instrument unless the board of directors of such entity or dealer periodically reviews compliance with the management plan by the appropriate senior executive officers.

**SEC. 7. ENFORCEMENT.**

(a) IN GENERAL.—Each Federal financial institutions regulatory agency may use the enforcement authority available to that agency under other provisions of law to enforce the provisions of sections 3 through 6 of this Act, and any regulations promulgated in accordance with this Act, as the agency determines to be appropriate.

(b) SECURITIES AND EXCHANGE COMMISSION ENFORCEMENT AUTHORITY.—The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 21C the following new section:

**“DERIVATIVE FINANCIAL INSTRUMENTS**

“SEC. 21D. (a) SUPERVISION BY THE COMMISSION.—Any major dealer whose activities involving derivative financial instruments are not subject to regulation by a Federal financial institutions regulatory agency under the Derivatives Supervision Act of 1994, shall be subject to appropriate regulation and enforcement by the Commission in accordance with the authority provided to the Commission under this title, and consistent with any principles, standards, or other regulatory actions established in accordance with the Derivatives Supervision Act of 1994.

“(b) DEFINITIONS.—For purposes of this section, the terms ‘derivative financial instrument’, ‘Federal financial institutions regulatory agency’, and ‘major dealer’ have the same meanings as in section 2 of the Derivatives Supervision Act of 1994.”

**SEC. 8. INTERNATIONAL COORDINATION.**

The Secretary of the Treasury and the Chairman of the Board of Governors of the Federal Reserve System, in consultation with the Federal financial institutions regulatory agencies, shall encourage governments, central banks, and regulatory authorities of other industrialized countries to work toward maintaining and, where appropriate, adopting comparable supervisory

standards, regulations, and capital standards in particular, for regulated entities and major dealers engaged in activities involving derivative financial instruments.

#### SEC. 9. BANK HOLDING COMPANIES.

Section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) is amended by adding at the end the following new subsection:

##### “(h) DERIVATIVE ACTIVITIES.—

“(1) IN GENERAL.—A subsidiary of a bank holding company may purchase, sell, or engage in any transaction involving a derivative financial instrument for the account of that subsidiary if it is not an insured depository institution or a subsidiary of an insured depository institution.

“(2) CONSOLIDATED CAPITAL.—The capital of a subsidiary engaged in activities described in paragraph (1) shall not be included in the consolidated capital of its parent bank holding company for the purpose of determining the compliance of such bank holding company with any applicable capital requirement.

“(3) ESTABLISHMENT OF SUBSIDIARIES.—The Board shall establish, by regulation, appropriate terms and conditions for the establishment of a subsidiary referred to in paragraph (1), consistent with any principles, standards or other regulatory actions established under section 4 of the Derivatives Supervision Act of 1994.

“(4) DEFINITIONS.—For purposes of this subsection—

“(A) the term ‘derivative financial instrument’ means—

“(i) an instrument the value of which is derived from the value of other assets, interest or currency exchange rates, or indexes, including qualified financial contracts (as defined in section 11(e)(8) of the Federal Deposit Insurance Act); and

“(ii) any other instrument which an appropriate Federal financial institutions regulatory agency determines, by regulation or order, to be a derivative financial instrument for purposes of this section; and

“(B) the term ‘Federal financial institutions regulatory agency’ has the same meaning as in section 2 of the Derivatives Supervision Act of 1994.”

#### SEC. 10. SYSTEMIC RISK.

(a) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Federal financial institutions regulatory agencies shall, in order to reduce the risk associated with potential systemic financial market failure, promulgate appropriate regulations to require regulated entities and major dealers to—

(1) increase use of clearinghouses and multilateral netting agreements;

(2) reduce intraday debit positions;

(3) shorten intervals between financial transactions in cash markets and their final settlement;

(4) shorten intervals between delivery of and payment for financial products; and

(5) otherwise reduce payments and settlement risk.

(b) CONSIDERATIONS.—In implementing this section, the Federal financial institutions regulatory agencies shall consider, as appropriate—

(1) the costs imposed on or benefits granted to regulated entities and major dealers by regulatory actions taken under this section;

(2) the public benefits of reducing systemic risk; and

(3) the effects of any proposed action on the international competitive position of United States financial institutions.

(c) EFFECTIVE DATE OF REGULATIONS.—The regulations promulgated under subsection

(a) shall become effective 3 years after the date of enactment of this Act, and shall be fully implemented 5 years after the date of enactment of this Act.

#### SEC. 11. REGULATORY CLARIFICATION AMENDMENTS.

(a) FEDERAL DEPOSIT INSURANCE ACT AMENDMENTS.—

(1) DEFINITIONS OF CERTAIN TERMS.—Section 11(e)(8)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1821(e)(8)(D)) is amended—

(A) in clause (iv), by striking “section 101(24)” and inserting “section 101(25)”;

(B) in clause (v)(I), by striking “section 101(41)” and inserting “section 101(47)”;

(C) in clause (vi)(I)—

(i) by inserting “equity or equity index swap, equity or equity index option, bond option,” after “commodity swap,”; and

(ii) by striking “purchased” each place it appears; and

(D) by striking clause (vii) and inserting the following:

“(vii) TREATMENT OF MASTER AGREEMENT AS 1 AGREEMENT.—Any master agreement for any qualified financial contract, as defined in clauses (i) through (vi) (or any master agreement there for), together with all supplements thereto, shall be treated as a single agreement and a single qualified financial contract.”

(2) DEFAULT AGAINST CORPORATION AS CONSERVATOR.—Section 11(e)(8)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1821(e)(8)(E)) is amended—

(A) by striking “paragraph (12) of this subsection,”; and

(B) by striking “subsection (d)(9)” and inserting “paragraph (10) of this subsection, subsections (d)(9) and (n)(4)(I)”.

(3) NOTIFICATION OF TRANSFER; RIGHTS ENFORCEABLE AGAINST RECEIVER OR CONSERVATOR.—Section 11(e)(10) of the Federal Deposit Insurance Act (12 U.S.C. 1821(e)(10)) is amended—

(A) in the heading, by inserting “; RIGHTS ENFORCEABLE AGAINST CONSERVATOR OR RECEIVER” before the period;

(B) by redesignating subparagraph (B) as subparagraph (C); and

(C) by striking subparagraph (A) and inserting the following:

“(A) IN GENERAL.—The receiver for an insured depository institution in default shall notify any person who is a party to a qualified financial contract, not later than 5:00 p.m. (Eastern Time) on the business day following the appointment of the receiver, of any transfer made by the receiver of the assets and liabilities of such institution that includes such qualified financial contract.

“(B) CERTAIN RIGHTS NOT ENFORCEABLE.—

“(i) RIGHTS AGAINST A RECEIVER.—A person who is a party to a qualified financial contract with an insured depository institution may not exercise any right such person may have to net or close out such contract under paragraph (8)(A) of this subsection, or section 403 or 404 of the Federal Deposit Insurance Corporation Improvement Act of 1991, solely by reason of the appointment of a receiver for the depository institution (or insolvency or financial condition of the institution for which the receiver is appointed)—

“(I) before 5:00 p.m. (Eastern Time) on the business day following the appointment of the receiver; or

“(II) after the person has received notice that the contract has been transferred pursuant to paragraph (9)(A).

“(ii) TIMING OF NOTIFICATION.—For purposes of clause (i)(II), the Corporation, as receiver of an insured depository institution,

shall be deemed to have provided notice if such notice was sent to the last address shown in the records of the insured depository institution by the means, if any, provided for in the subject qualified financial contract, or by other means reasonably calculated to reach that person not later than the time specified in clause (i)(I).

“(iii) RIGHTS AGAINST CONSERVATOR.—A person who is a party to a qualified financial contract with an insured depository institution may not exercise any right such person has to net or close out such contract under paragraph (8)(E) of this subsection, or section 403 or 404 of the Federal Deposit Insurance Corporation Improvement Act of 1991, solely by reason of the appointment of a conservator for the insured depository institution.”

(4) AGREEMENTS AGAINST INTEREST OF CORPORATION.—Section 13(e) of the Federal Deposit Insurance Act (12 U.S.C. 1823(e)) is amended—

(A) by inserting the following before “No agreement”:

“(1) IN GENERAL.—”;

(B) by redesignating paragraphs (1) through (4) as subparagraphs (A) through (D), respectively; and

(C) by adding at the end the following new paragraph:

“(2) EXEMPTIONS FROM CONTEMPORANEOUS EXECUTION REQUIREMENT.—An agreement to provide for the lawful collateralization of—

“(A) deposits of, or other credit extension by, a Federal, State, or local governmental entity, including an agreement to provide collateral in lieu of a surety bond;

“(B) bankruptcy estate funds pursuant to section 345(b)(2) of title 11, United States Code;

“(C) extensions of credit, including any overdraft, from a Federal Reserve Bank or Federal Home Loan Bank; or

“(D) a qualified financial contract, as defined in section 11(e)(8)(D);

shall not be deemed to be invalid pursuant to subparagraph (B) of paragraph (1) solely because such agreement was not executed contemporaneously with the acquisition of the collateral or because of pledges, delivery, and substitution of the collateral made in accordance with such agreement.”

(b) FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT AMENDMENTS.—Sections 403(a) and 404(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 4403(a), 4404(a)) are each amended by striking “other provision of law” each place such term appears, and inserting “provision of law, other than paragraphs (8)(E) and (10)(B) of section 11(e) of the Federal Deposit Insurance Act”.

(c) BANKRUPTCY CODE AMENDMENTS.—

(1) DEFINITIONS.—Section 101 of title 11, United States Code, is amended—

(A) in paragraph (55)(A) (the first place paragraph (55) appears)—

(i) by inserting “equity or equity index swap, equity or equity index option, bond option,” after “basis swap,”;

(ii) by inserting “interest rate future,” after “commodity swap,”;

(iii) by striking “forward foreign exchange” and inserting “foreign exchange”; and

(iv) by inserting “currency future,” after “cross-currency rate swap agreement,”;

(B) by redesignating paragraphs (54) through (57), the second place those paragraphs appear, as paragraphs (58) through (61), respectively;

(C) in paragraph (60), as redesignated, by striking “and”;

(D) in paragraph (61), as redesignated, by striking the period at the end and inserting a semicolon; and

(E) by adding at the end the following new paragraphs:

"(62) 'master netting agreement' means an agreement providing for the exercise of rights, including rights of setoff, liquidation, termination, acceleration, or closeout, in connection with one or more contracts with the debtor that are described in paragraphs (1) through (5) of section 561(a); and

"(63) 'master netting agreement participant' means an entity that, at any time before the filing of the petition, has an outstanding master netting agreement covering any of the contracts described in section 561 with the debtor."

(2) AUTOMATIC STAY.—Section 362(b) of title 11, United States Code, is amended—

(A) in paragraph (13), by striking "or" at the end;

(B) by redesignating paragraphs (15) and (16) as paragraphs (16) and (17), respectively;

(C) by redesignating paragraph (14), the second place such paragraph appears, as paragraph (15); and

(D) by amending paragraph (14) to read as follows:

"(14) under subsection (a), of the setoff by a swap participant or master netting agreement participant of any mutual debt and claim under or in connection with any swap agreement or master netting agreement that constitutes the setoff of a claim against the debtor for any payment due from the debtor under or in connection with any such agreement against—

"(A) any payment due to the debtor from such participant under or in connection with any such agreement; or

"(B) cash, securities, or other property of the debtor held by or due from such participant to guarantee, secure, or settle any such agreement;"

(3) LIMITATIONS ON AVOIDING POWERS.—Section 546(g) of title 11, United States Code, is amended—

(A) by inserting "or a master netting agreement covering any of the contracts described in section 561" after "under a swap agreement";

(B) by inserting "or a master netting agreement participant" after "swap participant"; and

(C) by inserting "or any master netting agreement" after "with a swap agreement".

(4) FRAUDULENT TRANSFERS AND OBLIGATIONS.—Section 548(d)(2) of title 11, United States Code, is amended—

(A) in subparagraph (C), by striking "and";

(B) in subparagraph (D), by striking the period and inserting "; and"; and

(C) by adding at the end the following new subparagraph:

"(E) a master netting agreement participant that receives a transfer in connection with a master netting agreement covering any of the contracts described in section 561 takes for value to the extent of such transfer."

(5) CONTRACTUAL RIGHT TO LIQUIDATE A SECURITIES CONTRACT.—Section 555 of title 11, United States Code, is amended—

(A) in the section heading, by inserting "terminate, or accelerate" after "liquidate"; and

(B) in the first sentence, by inserting "termination, or acceleration" after "liquidation".

(6) CONTRACTUAL RIGHT TO LIQUIDATE A COMMODITIES CONTRACT OR FORWARD CONTRACT.—Section 556 of title 11, United States Code, is amended—

(A) in the section heading, by inserting "terminate, or accelerate" after "liquidate"; and

(B) in the first sentence, by inserting "termination, or acceleration" after "liquidation".

(7) CONTRACTUAL RIGHT TO LIQUIDATE A REPURCHASE AGREEMENT.—Section 559 of title 11, United States Code, is amended—

(A) in the section heading, by inserting "terminate, or accelerate" after "liquidate"; and

(B) in the first sentence, by inserting "termination, or acceleration" after "liquidation".

(8) CONTRACTUAL RIGHT TO LIQUIDATE A SWAP AGREEMENT.—Section 560 of title 11, United States Code, is amended—

(A) in the section heading, by striking "TERMINATE" and inserting "LIQUIDATE, TERMINATE, OR ACCELERATE"; and

(B) in the first sentence, by striking "termination" and inserting "liquidation, termination, or acceleration".

(9) CONTRACTUAL RIGHT TO TERMINATE, LIQUIDATE, ACCELERATE, OR OFFSET A MASTER NETTING AGREEMENT.—Chapter 5 of title 11, United States Code, is amended by adding at the end the following new section:

"§561. Contractual right to terminate, liquidate, accelerate, or offset under a master netting agreement

"(a) IN GENERAL.—Subject to subsection (b), the exercise of any contractual right, because of a condition of the kind specified in section 365(e)(1), to cause termination, liquidation, acceleration, offset, or netting of values or payment amounts arising under or in connection with one or more—

"(1) securities contracts, as defined in section 741(7);

"(2) commodities contracts, as defined in section 761(4);

"(3) forward contracts;

"(4) repurchase agreements; or

"(5) swap agreements;

under a master netting agreement covering such contracts shall not be stayed, avoided, or otherwise limited by operation of any provision of this title or by any order of a court or administrative agency in any proceeding under this title.

"(b) EXCEPTION.—A party may exercise a contractual right described in subsection (a) only if that party could exercise such a right under section 555, 556, 559, or 560 for each individual contract covered by the master netting agreement in issue.

"(c) DEFINITION.—As used in this section, the term 'contractual right' includes a right, whether or not evidenced in writing, arising under common law, under law merchant, or by reason of normal business practice, a right set forth in a rule or bylaw of a national securities exchange, a national securities association or a securities clearing agency, and a right set forth in a bylaw of a clearing organization or contract market or in a resolution of the governing board thereof."

(9) DEBTS OF A MUNICIPALITY.—Section 901(a) of title 11, United States Code, is amended—

(A) by inserting "555, 556," after "553,"; and

(B) by inserting "559, 560, 561" after "557".

#### SEC. 12. REGULATIONS.

Each of the Federal financial institutions regulatory agencies shall issue consistent regulations governing activities involving derivative financial instruments for the purpose of implementing this Act.

#### SEC. 13. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), this Act shall become effective

1 year after the date of enactment of this Act.

(b) EXCEPTION.—The amendments made by section 11 shall become effective on the date of enactment of this Act.

#### FOR P. & G., A BET THAT BACKFIRED (By Saul Hansell)

It is eye catching, of course, when speculators like George Soros, or banks like Bankers Trust, acknowledge that they have lost millions of dollars by trading in the bond and currency markets, but that is the business they are in.

In many ways, it was far more surprising the Procter & Gamble Company, the nation's premier maker of soap and diapers, confessed yesterday that it would take a \$102 million charge because of financial-market positions that backfired when American and German interest rates rose sharply.

P. & G. is not a Wall Street firm, and its investors do not expect the volatility in its earnings due to trading positions that they would, say, for a firm like Salomon Brothers. So why did this industrial corporation turn into a trader?

P. & G. says it was a mistake and \* \* \* policy to avoid financial market speculation was not followed in two isolated incidents. And it replaced the executive who oversaw that area, Raymond D. Mains, vice president and treasurer, and put him on a "special assignment."

But the company is only one of a growing number of nonfinancial concerns that have acknowledged losses due to trading positions that lost money in the face of capricious turns of the markets. Tiny Gibson Greetings Inc., a Cincinnati neighbor of P. & G., said it had lost at least \$2 million recently from interest rate swaps. And Metallgesellschaft A.G., the German commodities company, has lost at least \$500 million from oil futures.

#### LIKE HOME BUYERS

Corporations have been lured into speculating in markets largely because their fortunes are tied to commodity prices and to interest rates. Every day, the treasurers of large corporations face the same kind of agonizing choice that prospective home buyers must make: to take the fixed- or the floating-rate loan.

The corporate treasurer's job is to borrow money for the corporation at the lowest rate. As a result, he or she is, in effect, a bond trader, betting on whether rates will go up or down.

In recent years, treasurers have increasingly used interest rate swaps to do their job. Interest rate swaps one of the highly publicized financial instruments known as derivatives were invented to help corporations easily lock in fixed rates when they thought interest rates would rise and to slide into floating rates when they thought rates would fall.

Many corporations try a conservative approach to this task, keeping a mix between fixed- and floating-rate debt. But many, like homeowners refinancing their debt, recently bet that rates were nearing their lows and locked in fixed-rate borrowing.

Some companies have been inclined to try to get fancier, entering into more complex transactions to cut their interest costs by another one- or two-tenths of 1 percent. That is what appears to have happened with Procter & Gamble.

Neither P. & G. nor Bankers Trust, the New York bank it worked with will describe the swap transactions in detail. But derivative experts suggest they probably went something like this:

P. & G. entered into two interest rate swaps, reportedly for five years, to convert the interest it owed on borrowed money from a fixed to a floating rate. For the first six months, the deal was similar to a normal swap: the company received fixed payments from Bankers Trust to cover the interest due on its bonds. In return, the company paid interest to the bank based on a floating rate.

#### A LOWER RATE

What was different about these transactions was that P. & G. was apparently able to negotiate a lower rate in exchange for an unusual feature: every six months, the variable rate it paid would be adjusted according to a very complex formula. While that formula has not been disclosed, it apparently sharply increased the interest that P. & G. was obligated to pay if interest rates rose.

Last year, this must have seemed like an easy bet. Few people were expecting interest rates to rise as quickly or as much as they have so far this year. Indeed, many bond traders have lost money largely because the consensus was that rates in Europe would continue to fall.

When they read the fine print on their swap agreement, top executives at P. & G. appeared to have discovered that they had far more in common with those bond traders than they had expected.

The incident underscores the warnings that derivatives experts have been raising for some time: that the biggest potential problems in derivatives lie not with the banks and brokers that specialize in them, but in the corporations and investors that use them.

The reason is that the derivatives dealers have invested tens of millions of dollars in sophisticated computer systems that monitor and react to their risks on a minute-by-minute basis. Most corporations—even those using derivatives—have not felt the need to make such investments, as they in theory have a longer-term view.

Yet Bankers Trust said it had repeatedly and formally advised Proctor and Gamble to get out of its position to avoid taking further losses. This is the sort of "stop loss" tactic that is common practice in the best trading rooms, but is lacking in many corporations.

#### UNANSWERED QUESTIONS

There are many unanswered questions at this point. For one, there is the appropriateness of Bankers Trust's sales practices. Did they push a risky product on a company that did not understand what it was doing? Or is this case similar to the investor who threatens to sue his broker after a trade goes the wrong way, even though he was fully aware of the risks?

P. & G. says it is considering legal action against Bankers Trust, which denies it has done anything wrong.

Also unanswered is whether P. & G.'s loss on the swaps is offset by a gain in some area that it was meant to hedge. If the swaps were meant to convert fixed debt to a floating rate, the company would have benefited by locking in the fixed-rate financing before rates rose.

"People tend to think hedges are good when they make money to offset losses in other areas," said Steven Bernardete, a derivatives executive at Morgan Stanley & Company. "But they don't think hedges are so good when there is a loss that mitigates what would have been a windfall gain."

#### MORTGAGE DERIVATIVES CLAIM VICTIMS BIG AND SMALL

(By Laura Jereski)

The bloodbath in mortgage derivatives is claiming new casualties as investors and dealers continue to rush for the exits, feeding a vicious cycle of falling prices and evaporating demand.

The damage is hitting high and low, from sophisticated players such as Cargill Inc. and Kidder Peabody & Co., and several respected mutual funds, all the way to a little-known New Jersey brokerage firm that hawked these bonds to credit unions and individual investors.

The mortgage market has been one of the worst hit by rising interest rates, which have also rocked hedge funds, Wall Street firms and other investors in bonds and securities derived from bonds.

A \$420 million hedge fund managed by Cargill, the privately held commodity powerhouse, based in Minneapolis, is the most prominent of the latest victims. Cargill's fund, known as the Minnetonka Fund, ran afoul of a supposedly "market neutral" strategy that relied on esoteric mortgage-backed derivatives and borrowed money to generate high yields with what was expected to be very low risk. That approach failed notoriously at the Minnetonka Fund, as it did at the Granite hedge funds run by New York-based Askin Capital Management, which earlier this month was forced to seek protection in bankruptcy court.

#### WORSENING THE TOLL

The Minnetonka Fund lost \$90 million or more of the money it managed for Cargill and other investors during the bond market's March downdraft, traders say. Plummeting prices in emerging-market debt, which the fund also owned, are said to have contributed to the damage. Meanwhile, continuing turmoil in the mortgage securities market in April appears to have worsened the toll, the traders add.

"There's a feeling out there that no one has been able to keep up with the pace of declines in the securities," says one trader.

Rising interest rates have caused the mortgage-backed securities market to unravel unpredictably across the board. Even under the best of circumstances, these bonds are difficult to manage, because their values depend on assumptions about how fast homeowners will prepay the mortgages that back these securities.

The recent interest-rate volatility has badly rolled those assumptions, so that in today's market it's almost anyone's guess what "fair" prices of these bonds should be. Dealers' estimates of what's fair are often heavily influenced by their own appetite for taking on more risk.

#### RISKY DERIVATIVES

Mortgage derivatives, known as "collateralized mortgage obligations," constitute about half of the \$1.5 trillion of mortgage-backed securities outstanding.

The problems are most evident in risky mortgage derivatives, such as "principal only" strips and "inverse floaters," but losses in those sectors are infecting more docile sectors of the mortgage-backed market. As their names suggest, POs pay investors only the principal on the underlying mortgages, while inverse floaters have yields that are designed to fall when interest rates rise, and vice versa.

Making a bad situation worse, Wall Street dealers have been reluctant to make markets in these esoteric securities because they're afraid of additional losses. Kidder and other

major Wall Street firms have taken sizable hits from being forced to take such bonds back from troubled customers, including Mr. Askin. As these dealers make themselves scarce, that tends to leave investors in the lurch.

"You are seeing the ugly side of the Street now," says a large institutional investor. "The problem is that Wall Street created these bonds. They are the only ones who can price them. And they are not supporting their bonds."

Indeed, traders say Minnetonka's losses were deepened by the fund's inability to get good prices from its dealers. Cargill officials won't comment about the funds, its outside investors or the size of the loss.

However, in a statement released yesterday, Cargill said, "The earnings of Cargill's financial business are derived from a broad base of diverse operations. Their performance this year remains very strong despite recent market developments and, in fact, is on pace for record earnings in this fiscal year." Last year, Cargill's financial-services unit contributed about one-third of the company's \$358 million in net income, according to a Cargill official.

Investors report that dealers are so loath to quote prices for many collateralized mortgage obligations, or CMOs—out of fear that investors will demand to trade at those prices—that so-called bid-offer spreads have widened to 10 points, or \$100 on a bond with a \$1,000 face value. The "bid" indicates that price at which dealers are willing to sell bonds. Such wide spreads hurt fund managers who use bid quotes to "mark to market," or value their portfolios for reporting purposes.

"When there's a panic in the market, all the brokers who are asked to mark bonds to market just low-ball the numbers, because they're afraid to step up to the plate" if customers want to unload their bonds, says Douglas Breeden, chief executive of Smith Breeden Associates Inc., a money manager specializing in mortgage-backed securities who hasn't run into problems. Even in normal times, "we get off-the-wall marks from dealers on a routine basis," and that problem "only gets worse" in times of turmoil, he adds.

Just how much of a problem has this been? Ramin Rouhani, a managing director at CDC Investment Management Corp., which holds \$3.5 billion of mortgage securities primarily invested in esoterica, grouches that "this market doesn't work like a market should." Last week, he says, he circulated a \$25 million floating-rate bond to 11 dealers and got bids that ended up three points apart, or \$30 on a bond with a \$1,000 face value. That's about ten times the usual spread for a bond like that, he says.

For some, the problems are even graver. Several mutual funds run by Worth Bruntjen, a portfolio manager at Minneapolis-based Piper Capital Management, hold so many hard-to-value CMOs that their pricing service has found it difficult on some days to value these portfolios in time to post their daily net asset values. That's made it tough for investors to know what their holdings are currently worth, or what price they must accept to enter or leave the funds.

"Our pricing service has a very short time to collect those prices, and during tumultuous markets, the calculations are delayed," says Mr. Bruntjen, who manages five funds with a total of \$1.7 billion in assets. "I think dealers are trying to avoid adding [volatile CMOs] to inventory."

Mr. Bruntjen's largest fund, the Piper Jaffray Institutional Government Income

fund, is estimated to have lost nearly 10% for the six months ended March 31, according to Lipper Analytical Services, compared with an average decline of 0.9% for 62 funds with similar investment objectives. The net asset value has continued to slip since then, according to other fund managers. The fund's net asset value was quoted yesterday at \$9.35 a share, down 21 cents from the previous day. It is down 17.3% so far this year.

Meanwhile, HYM Financial Inc. of Clifton, N.J., has been even harder hit. The small brokerage firm had built up a huge position in mortgage-securities at the end of the year to distribute among its clients, principally individuals and credit unions. But the sharp movement in interest rates caused its inventory to drop so sharply in value that the firm not only lost its \$8 million of capital but still owes Wall Street firms an additional \$4 million, according to former employees. HYM was told to cease trading on Friday by the National Association of Securities Dealers. Philip Eitman, who headed the firm, says he cannot comment about what happened.

#### EMPLOYEE FUND AT ARCO POSTS DERIVATIVES LOSS

(By Georgette Jasen)

An investment fund run by Atlantic Richfield Co. for employees and retirees had a \$22 million pretax loss last month as a result of investments in derivatives.

An Arco spokesman declined to disclose the nature of the derivatives, except to say that they were "principal-at-risk" securities and didn't include investments backed by mortgages. He said the securities involved have been liquidated and Arco is pursuing the necessary approvals from government agencies to reimburse participants in the company savings and capital accumulation plan, which includes 401(k) retirement assets. The loss amounted to 5.3% of the fund's assets.

Derivatives are complex financial arrangements whose values are derived from changes in underlying variables, such as interest rates, currencies, commodity prices and stock markets here and abroad. They are used by banks, brokers and their customers to defray the risk of market changes, and sometimes by money managers to boost yields.

#### LOSSES AT OTHER COMPANIES

Lately, some companies have reported big losses from derivative transactions. Procter & Gamble Co., for example, last month reported a \$157 million pretax charge while Air Products & Chemicals Inc. and Gibson Greetings Inc. were among companies reporting smaller hits.

Arco notified about 17,000 participants in its plan of the loss in a letter. The spokesman said the plan's managers have changed their investment strategy and in the future the fund that sustained the loss, called the Money Market Plus fund, will be managed in a way "closer to traditional money-market funds."

Money Market Plus, with about \$400 million in assets, is one of four investment options in the \$1.5 billion savings plan managed by Arco Investment Management Co., a unit of the big oil company. Employees of Arco, its 83.3%-owned Arco Chemical Co. unit and 49.9%-owned Lyondell Petrochemical Co. can also put money into company stock, a bond fund or a diversified equity fund.

\*\*\* Treasury bills, but is not a money market mutual fund.

The Arco spokesman said the plan's guidelines permitted the fund to invest in deriva-

tives and that all required disclosure was made to participants.

The letter to plan participants said that, while such losses are always a "possibility in this kind of plan," the company is "disappointed." The letter noted that from 1989 to 1993, the fund's performance was "well ahead" of traditional money-market funds. The loss was reported in the Los Angeles Times on Friday.

Traditional money-market mutual funds are closely regulated by the Securities and Exchange Commission, which limit their investments to top-rated securities that generally mature in one year or less. They are considered among the safest investments because they are structured so their net asset value remains stable and only the yield varies.

#### SEC RULES

Although some funds do invest in floating-rate notes, whose yield is reset periodically as interest rates change, the SEC has barred funds from investing in so-called inverse-floaters, which carry yields that vary inversely to prevailing interest rates, and other potentially risky securities. The SEC also limits use of the term "money-market" in a fund's name to those funds that meet its guidelines.

Company retirement plans typically are regulated by the U.S. Department of Labor under the Employee Retirement Income Security Act, which doesn't have such specific investment guidelines. The plans are required to operate in the interests of participants and beneficiaries. They also are required to make certain disclosures to participants.

At Arco, Mr. Greenstein said, the participants in the savings and capital accumulation plan are mostly employees, but some are retirees. He said Arco already has begun discussions with the Internal Revenue Service because of the tax consequences of reimbursements to participants. He noted that obtaining necessary government approval for such reimbursements could take some time.

#### DERIVATIVES SUPERVISION ACT OF 1994

##### SEPARATION OF CERTAIN DERIVATIVE ACTIVITIES FROM THE INSURED DEPOSITS OF INSURED DEPOSITORY INSTITUTIONS

The Act states that derivative activities may not be conducted in a federally insured depository institution for the account of that institution unless:

(i) the insured depository institution is engaging in the derivatives activity in order to hedge the bank's own portfolio (and the category of derivatives activity has been approved by the appropriate federal banking agency); or

(ii) the insured bank is engaging in the derivatives activity as a dealer (and the bank is well-capitalized and the category of derivatives activity has been approved by the appropriate federal banking agency; or, if the bank is not well-capitalized but is adequately capitalized, the category of derivatives activity has not only been approved by the appropriate federal banking agency but also has been determined by the appropriate federal banking agency to be in the public interest).

These restrictions also apply to the derivative activities of federally insured credit unions, the Federal Home Loan Banks, Fannie Mae and Freddie Mac.

Speculating with derivative instruments is permitted only in subsidiaries of bank holding companies or in institutions entirely unaffiliated with banks. The Federal Reserve

must approve the establishment of any subsidiary of a bank holding company that intends to engage in speculation with derivative instruments as a major dealer, and the Securities and Exchange Commission will regulate the activities of such subsidiary.

#### REGULATORY COORDINATION

Regulation: The OCC, the Federal Reserve, the FDIC, the OTS, the NCUA, the SEC, the CFTC, the Office of Federal Housing Enterprise Oversight and the Federal Housing Finance Board must:

(i) jointly establish principles and standards related to capital, accounting, disclosure, suitability, and other appropriate regulatory actions;

(ii) develop minimum capital requirements that address credit risk, market risk, operational risk and legal risk;

(iii) issue regulations that are consistent;

(iv) jointly develop a training program for examiners regarding derivative activities.

Emergency management reporting: The regulators must develop a reporting system that allows them to obtain, in emergency situations and on a confidential basis, certain information from insured depository institutions (including insured credit unions), Fannie Mae, Freddie Mac, the Federal Home Loan Banks and major dealers in derivative instruments.

#### DISCLOSURE

The Act requires that insured depository institutions (including insured credit unions), Fannie Mae, Freddie Mac, the Federal Home Loan Banks and major dealers disclose certain specified quantitative information with respect to their derivative instruments (for example, gross national values and gross positive and negative fair values, revenues, gains and losses, current credit exposures, exposures of individual counterparties and remaining terms to maturity). To the extent possible, such quantitative information is to be provided separately for exchange-traded and over-the-counter instruments.

#### MANAGEMENT CONTROLS

In addition, the Act requires that the above institutions prepare, as part of their internal controls structure, a management plan that sets forth the purpose of the holdings in the derivative instruments, how the holdings are consistent with the risk management plan of the institution and how the institution acquires its derivative instruments. The management plan must describe the accounting methods that are used to value the derivative holdings and must also require that derivative activities be conducted with direct oversight by appropriate senior executive officers. The boards of directors of these institutions must periodically review compliance with their institution's management plan.

#### SEC REGULATION AND ENFORCEMENT

The Act provides that any major dealer that is not subject to regulation by one of the above regulators be regulated by the SEC. The SEC and each of the above regulators have available to them any of the enforcement tools existing under other provisions of law.

The term "major dealer" is defined to mean any dealer whose ability to meet obligations as they become due is potentially significant to the stability of financial markets, as determined by the above regulators, based upon size, market share and the extent of linkages with other market participants. (A dealer is any person engaged in the business of purchasing, selling, or engaging in

transactions involving derivative financial instruments for its own account, through a broker or otherwise, for the purpose of serving customers.)

#### INTERNATIONAL COORDINATION

The Chairman of the Federal Reserve, in consultation with the OCC, the FDIC, the OTS, the NCUA, the SEC, the CFTC, the Office of Federal Housing Enterprise Oversight and the Federal Housing Finance Board, shall coordinate with governments, central banks and regulatory authorities of other industrialized countries to work toward maintaining and, where appropriate, adopting comparable supervisory standards, regulations and capital standards in particular, for financial institutions engaged in derivatives activities.

#### SYSTEMIC RISK

The Act requires within 18 months of enactment that regulations be implemented that reduce the risk associated with potential systemic financial market failure. Such regulations must encourage the regulated entities to increase their use of clearinghouses and multilateral netting agreements; reduce their intraday debit positions; shorten intervals between financial transactions in cash markets and their final settlement; shorten intervals between delivery of and payment for financial products; and otherwise reduce payments and settlement risk.

#### REGULATORY CLARIFICATION

The Act provides several technical amendments that address, among other things, the treatment of master agreements, collateralization, exceptions to the automatic stay for setoffs by swap participants, exceptions to fraudulent transfers by master netting agreements participants that receive certain transfers, and the liquidation of commodities contracts, forward contracts and master netting agreements.

#### EFFECTIVE DAY

The Act is to become effective one year after enactment.

By Mr. HATFIELD:

S. 2292. A bill to amend the Watershed Protection and Flood Prevention Act to establish a Waterways Restoration Program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

#### WATERWAYS RESTORATION ACT

• Mr. HATFIELD. Mr. President, development of the water resources of the United States has been a vital factor in the growth and prosperity of this country. Our water resources have brought us a strong agricultural base, power generation, navigation and domestic and industrial water supplies. However, the gains we have made in terms of productivity and efficiency have in many cases exacted a toll on our water resources. Despite a concerted effort to improve the quality of our waterways, recent estimates indicate that 38 percent of our rivers, 44 percent of our lakes, and 97 percent of the Great Lakes remain degraded.

This is a continuing problem worthy of the earnest efforts of each of us. The Clean Water Act has made great improvements in the quality of the Nation's waterways. The goals of the Clean Water Act reauthorization legis-

lation now pending on the Senate Calendar certainly focus much needed attention on the continuing dilemma we face with respect to our water resources.

Today I am introducing the Waterways Restoration Act in the hope of providing an additional tool to improve the waterways of the United States. The legislation I introduce today is the companion to House Resolution 4289, introduced by Congresswoman ELIZABETH FURSE of Oregon. I compliment Congresswoman FURSE for her fine leadership in this area and I am proud to introduce the Senate version of this fine proposal.

The Waterways Restoration Act would establish a technical assistance and grant program for a waterway restoration program within the Soil and Conservation Service [SCS] at the U.S. Department of Agriculture. No new money would be required to fund this program. Rather, the program would draw on existing funds by redirecting 20 percent of the SCS's existing Watershed Protection and Flood Prevention Program budget to fund nonstructural, community-based projects.

Waterway restoration is a cost effective way to control flooding, erosion and pollution runoff. This legislation would fund local projects to establish riparian zones, stabilize stream banks and restore areas polluted by urban runoff. Both urban and rural areas would be eligible for project funding. The bill also contains an environmental justice provision that would place a priority on projects in historically disadvantaged communities overlooked by Federal cleanup efforts.

Mr. President, this is sound, progressive legislation. It addresses in an effective way the pressing water resource problems continuing to face this Nation. As we search for ways to reinvent our Government to make it more responsive to the citizens of this country, we should look more and more to proposals—like this one—that draw on the initiative and ingenuity bubbling over in our communities rather than one-size-fits-all, top-down Federal programs. As Congresswoman FURSE has noted, this is a funded Federal non-mandate, which allows communities to design and implement the restoration projects they want for the streams, creeks and rivers in their neighborhoods.

I look forward to working with members of the Senate Agriculture Committee to advance this meritorious proposal. I ask unanimous consent that the bill be printed in the RECORD.

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

S. 2292

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Waterways Restoration Act of 1994".

#### SEC. 2. FINDINGS AND POLICY.

(a) FINDINGS.—Congress finds that—

(1) restoring degraded streams, rivers, wetlands, and other waterways to their natural state is a cost effective and environmentally sensitive means to control flooding, excessive erosion, sedimentation, and nonpoint pollution, including stormwater runoff;

(2) protecting and restoring watersheds provides critical ecological benefits by restoring and maintaining biodiversity, providing fish and wildlife habitat, filtering pollutants, and performing other important ecological functions;

(3) waterway restoration and protection projects can provide important economic benefits by rejuvenating waterfront areas, providing recreational opportunities, and creating community service jobs and job training opportunities in environmental restoration for disadvantaged youth, displaced resource harvesters, and other unemployed residents; and

(4) restoring waterways helps to increase the fishing potential of waterways and restore diminished fisheries, which are important to local and regional cultures and economies and to low-income and ethnic cultural groups who rely heavily on fish as a food source.

(b) POLICY.—Congress declares it is in the national interest to—

(1) protect and restore the chemical, biological, and physical components of streams and rivers and associated wetland systems in order to restore the biological and physical structures, diversity, functions, and dynamics of the stream and wetland ecological systems;

(2) replace deteriorating stormwater structural infrastructures and physical waterway alterations that are environmentally destructive with cost effective, low maintenance, and environmentally sensitive projects;

(3) promote the use of nonstructural means to manage and convey streamflow, stormwater, and flood waters;

(4) increase the involvement of the public and youth conservation and service corps in the monitoring, inventorying, and restoration of watersheds in order to improve public education, prevent pollution, and develop coordinated citizen and governmental partnerships to restore damaged waterways; and

(5) benefit business districts, local economies, and neighborhoods through the restoration of waterways.

#### SEC. 3. WORKS OF IMPROVEMENT DEFINED.

Section 2 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1002) is amended by striking the following sentence: "Each project must contain benefits directly related to agriculture, including rural communities, that account for at least 20 percent of the total benefits of the project."

#### SEC. 4. WATERWAYS RESTORATION PROGRAM.

The Watershed Protection and Flood Prevention Act (16 U.S.C. 1001 et seq.) is amended by adding at the end the following new section:

#### "SEC. 14. WATERWAYS RESTORATION PROGRAM.

"(a) DEFINITIONS.—As used in this section:

"(1) BIOTECHNICAL SLOPE PROTECTION.—The term 'biotechnical slope protection' means the use of live and dead plant material to repair and fortify a watershed slope, roadcut, stream bank, or other site that is vulnerable to excessive erosion, using such systems as brush piling, brush layering, brush matting, fascines, joint plantings, and wood cribwalls.

"(2) CHANNELIZATION.—The term 'channelization' means removing the meanders and vegetation from a river or stream for purposes of accelerating storm flow velocity,

filling habitat to accommodate land development and existing structures, or stabilizing a bank with concrete or riprap.

"(3) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) any tribal or local government, flood control district, water district, conservation district (as defined in section 1201(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3801(a)(2)), agricultural extension 4-H program, nonprofit organization, or watershed council; or

"(B) any unincorporated neighborhood organization, watershed council, or small citizen nongovernmental or nonprofessional organization for which an incorporated nonprofit organization acts as a fiscal agent.

"(4) FISCAL AGENT.—The term 'fiscal agent' means an incorporated nonprofit organization that—

"(A) acts as a legal entity that is authorized to accept government or private funds and pass them onto an unincorporated community, cultural, or neighborhood organization; and

"(B) has entered into a written agreement with such an unincorporated organization that specifies the funding, program, and working arrangements for carrying out a project under the program.

"(5) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any organization with a tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1986.

"(6) PROGRAM.—The term 'program' means the Waterways Restoration Program established by the Secretary under subsection (b).

"(7) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Chief of the Soil Conservation Service.

"(8) STREAM CHANNEL QUASI-EQUILIBRIUM.—The term 'stream channel quasi-equilibrium' means restoring channel geometrics, meanders, and slopes so that channel dimensions are appropriately sized to the watershed and the slope of the watershed, bankfull discharges, and sediment sizes and transport rates for the purpose of correcting excessive channel erosion and deposition.

"(9) WATERSHED COUNCIL.—The term 'watershed council' means a representative group of local watershed residents (including the private, public, government, and nonprofit sectors) organized to develop and carry out a consensus watershed restoration plan that includes restoration, acquisition, and other activities.

"(10) WATERWAY.—The term 'waterway' means any natural, degraded, seasonal, or created wetland on private or public land, including a river, stream, riparian area, marsh, pond, bog, mudflat, lake, or estuary. The term includes any natural or humanmade watercourse on public or private land that is culverted, channelized, or vegetatively cleared, including a canal, irrigation ditch, drainage way, or navigation, industrial, flood control, or water supply channel.

"(11) YOUTH CONSERVATION AND SERVICE CORPS.—The term 'youth conservation and service corps program' means a full-time, year-round youth corps program or a full-time summer youth corps program described in section 122(a)(2) of the National and Community Service Act of 1990 (42 U.S.C. 12572(a)(2)).

"(b) ESTABLISHMENT.—The Secretary, acting through the Chief of the Soil Conservation Service, shall establish and carry out a Waterways Restoration Program in accordance with this section. Under the program, the Secretary shall provide technical assistance and grants, on a competitive basis, to

eligible entities to assist the entities in carrying out waterway restoration projects.

"(c) PROJECT ELIGIBILITY.—

"(1) PROJECT OBJECTIVES.—A project shall be eligible for assistance under the program if the project is designed to achieve ecological restoration or protection and 1 or more of the following objectives:

"(A) Flood damage reduction.

"(B) Erosion control.

"(C) Stormwater management.

"(D) Water quality enhancement.

"(2) LOCATION OF PROJECTS.—A project may be carried out under the program on Federal lands or on State or private lands in any case in which the State or the private land owner is a sponsor or cosponsor of the project.

"(3) PROJECT DESCRIPTIONS.—A project eligible for assistance under the program shall include a project established for any of the following purposes:

"(A) Restoration and monitoring of degraded waterways, including revegetation, restoration of biological communities, and changes in land management practices.

"(B) Reestablishment of stream channel quasi-equilibrium.

"(C) Restoration or establishment of wetland and riparian environments as part of a multiobjective stormwater management system in which the restored or established areas provide stormwater storage, detention, and retention, nutrient filtering, wildlife habitat, and increased biological diversity.

"(D) Reduction of runoff.

"(E) Stream bank restoration using the principles of biotechnical slope protection.

"(F) Creation and acquisition of multiobjective floodplain riparian zones, including removal of natural or humanmade levees, for floodwater and sediment storage, wildlife habitat, and recreation.

"(G) Removal of culverts and storm drains to establish natural environmental conditions.

"(H) Organization of local watershed councils in conjunction with the implementation of on-the-ground action education or restoration projects.

"(I) Training of participants, including youth conservation and service corps program participants, in restoration techniques in conjunction with the implementation of on-the-ground action education or restoration projects.

"(J) Development of waterway restoration or watershed plans that are intended for use within the grant agreement period to carry out specific restoration projects.

"(K) Restoration of any stream channel to reestablish a meandering, bankfull flow channel, riparian vegetation, and floodplain in order—

"(i) to restore the functions and dynamics of a natural stream system to a previously channelized waterway; or

"(ii) to convey larger flood flows as an alternative to a channelization project.

"(L) Release of reservoir flows to restore riparian and instream habitat.

"(M) Carrying out watershed or wetland programs that have undergone planning pursuant to other Federal, State, tribal, or local programs and laws and have received necessary environmental review and permits.

"(N) Carrying out early action projects that a watershed council wants to carry out prior to the completion of the required final consensus watershed plan of the council, if the council determines that the project meets the watershed management objectives of the council and is useful in fostering citizen involvement in the planning process.

"(4) PRIORITY PROJECTS.—Projects that have any of the following attributes shall be given priority by interdisciplinary teams established under subsection (g) in determining funding priorities:

"(A) Projects located in or directly benefiting low-income or economically depressed areas adversely impacted by poor watershed management.

"(B) Projects that will restore or create businesses or occupations in the project area.

"(C) Projects providing opportunities for participants in Federal, State, tribal, and local youth conservation and service corps and provide training in environmental restoration, monitoring, and inventory work.

"(D) Projects serving communities composed of minorities or Native Americans, including the development of outreach programs to facilitate the participation by the groups in the program.

"(E) Projects identified as regional priorities that have been planned within a regional context and coordinated with Federal, State, tribal, and local agencies.

"(F) Projects that will restore wildlife or fisheries of commercial, recreational, subsistence, or scientific concern.

"(G) Projects training and employing fishers and other resource harvesters whose livelihoods have been adversely impacted by habitat degradation.

"(H) Projects providing significant improvements in ecological values and functions in the project area.

"(I) Projects previously approved under this Act that meet or are redesigned to meet the requirements of this section.

"(5) COST-BENEFIT ANALYSIS.—A project shall be eligible for assistance under the program if an interdisciplinary team established under subsection (g) determines that the local social, economic, ecological, and community benefits of the project based on local needs, problems, and conditions equal or exceed the financial and social costs of the project.

"(6) FLOOD DAMAGE REDUCTION.—A project for which 1 of the purposes is to reduce flood damages shall be designed for the level of risk selected by the local sponsor and cosponsor of the project, taking into account local needs for the reduction of flood risks, the ability of the sponsor and cosponsor to pay project costs, and community objectives to protect or restore environmental quality.

"(7) INELIGIBLE PROJECTS.—A project involving channelization, stream bank stabilization using a method other than a biotechnical slope protection method, or construction of a reservoir shall not be eligible for assistance under the program.

"(d) PROGRAM ADMINISTRATION.—

"(1) DESIGNATION OF PROGRAM ADMINISTRATORS.—The Secretary shall designate a program administrator for each State who shall be responsible for administering the program in the State. Except as provided by paragraph (2), the Secretary shall designate the State Conservationist of the Soil Conservation Service of a State as the program administrator of the State.

"(2) APPROVAL OF STATE AGENCIES.—

"(A) IN GENERAL.—A State may submit to the Secretary an application for designation of a State agency to serve as the program administrator of the State.

"(B) CRITERIA.—The Secretary shall approve an application of a State submitted under subparagraph (A) if the application demonstrates—

"(i) the ability of the State agency to solicit, select, and fund projects within a 1-year grant administration cycle;

"(ii) the responsiveness of the State agency to the administrative needs and limitations of small nonprofit organizations and low-income or minority communities;

"(iii) the success of the State agency in carrying out State or local programs with objectives similar to the objectives of this section; and

"(iv) the ability of the State agency to jointly plan and carry out with Indian tribes programs with objectives similar to this section.

"(C) REDESIGNATION.—If the Secretary determines, after a public hearing, that a State agency with an approved application under this paragraph no longer meets the criteria set forth in subparagraph (B), the Secretary shall so notify the State and, if appropriate corrective action has not been taken within a reasonable time, withdraw the designation of the State agency as the program administrator of the State and designate the State Conservationist of the Soil Conservation Service of the State as the program administrator of the State.

"(3) TECHNICAL ASSISTANCE.—The State Conservationist of a State shall continue to carry out the technical assistance portion of the program in the State even if the State receives approval of an application submitted under paragraph (2)(A).

"(e) GRANT APPLICATION CYCLE.—

"(1) IN GENERAL.—A grant under the program shall be awarded on an annual basis.

"(2) GRANT AGREEMENTS.—The program administrator of a State may enter into a grant agreement with an eligible entity to permit the entity to phase in a project under the program for a period of not to exceed 3 years, except that the project shall remain subject to reevaluation each year as part of the annual funding cycle.

"(f) SELECTION OF PROJECTS.—

"(1) APPLICATIONS.—To receive assistance to carry out a project under the program in a State, an eligible entity shall submit to the program administrator of the State an application that is in such form and contains such information as the Secretary may by regulation require.

"(2) REVIEW OF APPLICATIONS BY INTERDISCIPLINARY TEAMS.—

"(A) TRANSMITTAL.—Each application for assistance under the program received by the program administrator of a State shall be transmitted to the interdisciplinary team of the State established pursuant to subsection (g).

"(B) REVIEW.—On an annual basis, the interdisciplinary team of each State shall—

"(i) review applications transmitted to the team pursuant to subparagraph (A);

"(ii) determine the eligibility of proposed projects for funding under the program;

"(iii) make recommendations concerning funding priorities for the eligible projects; and

"(iv) transmit the findings and recommendations of the team to the program administrator of the State.

"(C) PROJECT OPPOSITION BY FEDERAL REPRESENTATIVES.—If 2 or more of the members of an interdisciplinary team of a State appointed pursuant to clause (i), (ii), or (iv) of subsection (g)(2)(B) are opposed to a project that is supported by a majority of the members of the interdisciplinary team, a determination on whether the project is eligible to receive assistance under the program shall be made by the Chief of the Soil Conservation Service. In making a determination under this subparagraph, the Chief shall consult with the Administrator of the Environmental Protection Agency, the Director

of the Fish and Wildlife Service, and, in a coastal area, the Assistant Administrator of the National Marine Fisheries Service. The Secretary shall conduct such monitoring activities as are necessary to ensure the success and effectiveness of project determinations made pursuant to this subparagraph.

"(3) FINAL SELECTION.—The final determination on whether to provide assistance for a project under the program shall be made by the program administrator of the State and shall be based on the recommendations of the interdisciplinary team of the State transmitted pursuant to paragraph (2)(B).

"(g) APPOINTMENT OF INTERDISCIPLINARY TEAMS.—

"(1) IN GENERAL.—There shall be established in each State an interdisciplinary team of specialists to assist in reviewing project applications under the program.

"(2) APPOINTMENT.—The interdisciplinary team of a State shall be composed of the following members:

"(A) APPOINTEES OF THE PROGRAM ADMINISTRATOR.—Individuals to be appointed on an annual basis by the program administrator of the State, including at least 1 representative of each of the following specialties:

"(i) Hydrologists.

"(ii) Plant ecologists.

"(iii) Aquatic biologists.

"(iv) Biotechnical slope protection experts.

"(v) Landscape architect or planners.

"(vi) Members of the agricultural community.

"(vii) Representatives of the fish and wildlife agency of the State.

"(viii) Representatives of the soil and water conservation agency of the State.

"(B) REPRESENTATIVES OF FEDERAL AGENCIES.—One representative of each of the following Federal agencies to be appointed on an annual basis by the appropriate regional or State director of the agency:

"(i) The Soil Conservation Service.

"(ii) The Environmental Protection Agency.

"(iii) The National Marine Fisheries Service (in a coastal State).

"(iv) The United States Fish and Wildlife Service.

"(3) AFFILIATION OF MEMBERS.—A member appointed pursuant to paragraph (2)(A) may be an employee of a Federal, State, tribal, or local agency or nonprofit organization.

"(4) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App. 2) shall not apply to an interdisciplinary team established under this subsection.

"(h) CONDITIONS FOR RECEIVING ASSISTANCE.—

"(1) PROJECT SPONSORS AND COSPONSORS.—

"(A) REQUIREMENT.—To be eligible for assistance under the program, a project shall have as project participants both a citizens organization and a State, regional, tribal, or local governing body, agency, or district.

"(B) PROJECT SPONSOR.—One of the project participants described in subparagraph (A) shall be designated as the project sponsor. The project sponsor shall act as the principal party making the grant application and have the primary responsibility for executing the grant agreement, submitting invoices, and receiving reimbursements.

"(C) PROJECT COSPONSOR.—The other project participant described in subparagraph (A) shall be designated as the project cosponsor. The project cosponsor shall, jointly with the project sponsor, support and actively participate in the project. There may be more than 1 cosponsor for any project.

"(2) USE OF GRANT FUNDS.—Grant funds made available under the program shall not supplant other available funds for waterway restoration projects, including developer fees, mitigation, or compensation required as a permit condition or as a result of a violation of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or any other law.

"(3) MAINTENANCE REQUIREMENT.—At least 1 project sponsor or cosponsor shall be designated as responsible for ongoing maintenance of the project.

"(i) NON-FEDERAL SHARE.—

"(1) IN GENERAL.—Except as provided by paragraph (2), the non-Federal share of the cost of a project under this section, including structural and nonstructural features, shall be 25 percent.

"(2) ECONOMICALLY DEPRESSED COMMUNITIES.—The Secretary may waive all or part of the non-Federal share of the cost of any project that is to be carried out under the program in an economically depressed community.

"(3) IN-KIND CONTRIBUTIONS.—Non-Federal interests may meet any portion of the non-Federal share of the cost of a project under this section through in-kind contributions, including contributions of labor, involvement of youth service and conservation corps program participants, materials, equipment, consulting services, and land.

"(4) REGULATIONS.—Not later than 1 year after the date of enactment of this section, the Secretary shall issue regulations to establish procedures for granting waivers under paragraph (2).

"(j) LIMITATIONS ON COSTS OF ADMINISTRATION AND TECHNICAL ASSISTANCE.—Of the total amount made available for any fiscal year to carry out this section—

"(1) not to exceed 15 percent may be used for administrative expenses; and

"(2) not to exceed 25 percent may be used for providing technical assistance.

"(k) CONSULTATION WITH FEDERAL AGENCIES.—In establishing and carrying out the program, the Secretary shall consult with the heads of appropriate Federal agencies, including—

"(1) the Administrator of the Environmental Protection Agency;

"(2) the Assistant Secretary of the Army for Civil Works;

"(3) the Director of the United States Fish and Wildlife Service;

"(4) the Commissioner of the Bureau of Reclamation;

"(5) the Director of the Geological Survey;

"(6) the Chief of the Forest Service; and

"(7) the Assistant Administrator for the National Marine Fisheries Service.

"(l) CITIZENS OVERSIGHT COMMITTEE.—

"(1) ESTABLISHMENT.—The Governor of each State shall establish a citizens oversight committee to evaluate management of the program in the State. The membership of a citizens oversight committee shall represent a diversity of regions, cultures, and watershed management interests.

"(2) PROGRAM COMPONENTS.—A citizens oversight committee established under paragraph (1) shall evaluate the following program components:

"(A) Program outreach, accessibility, and service to low-income and minority ethnic communities and displaced resource harvesters.

"(B) The manageability of grant application procedures, contracting transactions, and invoicing for disbursement for small nonprofit organizations.

"(C) The success of the program in supporting the range of the program objectives,

including evaluation of the environmental impacts of the program as carried out.

"(D) The number of jobs created for identified target groups.

"(E) The diversity of job skills fostered for long-term watershed related employment.

"(F) The extent of involvement of youth conservation and service corps programs.

"(3) ANNUAL REPORT.—The program administrator of each State shall issue an annual report summarizing the program evaluation under paragraph (1). The report shall be signed by each member of the citizens oversight committee of the State and shall be submitted to the Secretary.

"(4) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App. 2) shall not apply to a citizens oversight committee established under this subsection.

"(m) FUNDING.—

"(1) MINIMUM AMOUNTS.—Not less than 20 percent of the total amount made available to carry out this Act for any fiscal year beginning after September 30, 1994, shall be used by the Secretary to carry out this section.

"(2) TRANSFERRED FUNDS.—The Secretary may accept transfers of funds from other Federal agencies to carry out this section.

"(3) APPLICABILITY OF REQUIREMENTS.—Funds made available to carry out this section, and financial assistance provided with the funds, shall not be subject to any requirements of this Act other than the requirements of this section."•

By Mr. KERRY:

S. 2293. A bill to modify the negotiating objectives of the United States for future trade agreements, and for other purposes; to the Committee on Finance.

TRADE AND ENVIRONMENT HARMONIZATION ACT  
OF 1994

• Mr. KERRY. Mr. President, I am proud today to introduce the Trade and Environment Harmonization Act of 1994 which seeks to increase the compatibility of trade agreements with environmental protection, conservation, and sustainable development. It no longer makes sense, economically or politically, to discuss trade issues without including environmental considerations. This bill will ensure that future trade negotiations consider environmental issues.

Although it is widely accepted that trade and international trade rules can have environmental consequences, under current practice, environmental issues are neglected during initial negotiations of trade agreements and then must be addressed hastily in the final days of negotiation or during the political debate over implementation legislation. This means that procedures for assessing environmental consequences have been bogged down in legal debates and partisan discussions after a trade agreement has been negotiated.

This practice undermines the ability of our trade negotiators to be fully informed about environmental ramifications of an agreement's provisions during negotiation. It undermines their ability to ensure that U.S. environ-

mental interests are given full weight. And it is undermining longstanding bipartisan support for expanded trade. This bill will ensure that the environmental impact is considered as a trade agreement is being negotiated in the first place.

Further, this legislation will ensure that future trade agreements do not lower domestic environmental standards. Rather, it will ensure that future trade agreements promote higher international standards. This bill recognizes the link between trade and the environment in the following general ways:

It will include environmental objectives among the negotiating goals of future trade agreements;

It will formally include environmental representatives as members of the private sector trade advisory committees so that such consultation with trade negotiators will include an environmental perspective; and

It will formalize the participation of the Environmental Protection Agency, the Department of the Interior, and the National Oceanic and Atmospheric Administration in the interagency trade committees so that the environmental perspective is presented and considered.

This bill will not require renegotiation of GATT. The achievements of the Uruguay round are substantial. The round will lower international barriers to trade, which will lead to increased trade volume, global wealth, and U.S. jobs. This bill does not undermine these achievements in the slightest. Rather, it is intended to enhance them by acknowledging that at the same time we are breaking down barriers to trade we must replace them with clear rules of the game for the new global market.

If we do not think before we act, we run the risk of creating a new era of robber baron capitalism, in which nations, competing for capital, drive labor and environmental standards down to the least common denominator. Most of us would prefer a future of enlightened capitalism in which the number of U.S. jobs increase, the world economy grows, and international standards are raised to the highest achievable levels.

I urge my colleagues to support the Trade and Environment Harmonization Act of 1994 and to support inclusion of its provisions in the Uruguay round implementing legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2293

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. TRADE NEGOTIATING OBJECTIVES.

Section 1101 of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 2901) is amended as follows:

(1) OVERALL TRADE NEGOTIATING OBJECTIVES.—Subsection (a) is amended—

(A) in paragraph (2) by striking "and" after the semicolon;

(B) in paragraph (3) by striking the period and inserting "; and"; and

(C) by adding after paragraph (3) the following:

"(4) increased compatibility of trade agreements with environmental protection, conservation, and sustainable development."

(2) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—Subsection (b) is amended as follows:

(A) DISPUTE SETTLEMENT.—Paragraph (1)(B) is amended to read as follows:

"(B) to ensure that such mechanisms within trade agreements to which the United States is a party provide for more effective and expeditious resolution of disputes, improve transparency and public participation, and enable better enforcement of United States rights, including those relating to environment and conservation."

(B) TRANSPARENCY.—Paragraph (3) is amended by inserting ", including those related to environment and conservation," after "trade matters".

(C) DEVELOPING COUNTRIES.—Paragraph (4) is amended—

(i) in subparagraph (A) by striking "and" after the semicolon;

(ii) in subparagraph (B) by striking the period and inserting "; and"; and

(iii) by adding after subparagraph (B) the following:

"(C) to take into account the particular needs of developing countries in trade matters relating to environment and conservation."

(D) UNFAIR TRADE PRACTICES.—Paragraph (8)(A) is amended—

(i) by striking "the GATT and nontariff measure" and inserting "trade"; and

(ii) by inserting "and other practices potentially harmful to the environment" after "resource input subsidies".

(E) INTELLECTUAL PROPERTY.—Paragraph (10) is amended—

(i) in subparagraph (C) by striking "and" after the semicolon;

(ii) in subparagraph (D) by striking the period and inserting "; and"; and

(iii) by adding at the end the following:

"(E) to promote compatibility of established standards of the World Trade Organization relating to intellectual property with existing international biological diversity conventions."

(F) FOREIGN INVESTMENT.—Paragraph (11) is amended—

(i) by striking "direct" in the paragraph heading and each place it appears in the text; and

(ii) in subparagraph (A)(ii)—

(I) by striking "and" at the end of subclause (I);

(II) by striking the period at the end of subclause (II) and inserting ", and"; and

(III) by adding at the end the following:

"(III) will promote environmentally sensitive foreign investment and discourage countries from attracting or maintaining foreign investment by relaxing domestic health, safety, or environmental measures."

(G) ADDITIONAL OBJECTIVES.—Subsection (b) is amended by adding at the end the following:

"(17) ENVIRONMENT AND CONSERVATION.—The principal negotiating objectives of the United States regarding environment and

conservation issues related to trade and foreign investment are to—

“(A) promote compatibility between trade agreements and sustainable development, and foster the continual protection and improvement of the environment, while recognizing national sovereignty;

“(B) increase cooperation on trade-related environmental policies to better conserve, protect, and enhance the environment;

“(C) avoid trade distortions or barriers that undermine environmental protection and conservation or that constitute disguised protectionism;

“(D) promote transparency and public participation, and increase consumer information in the development of environmental laws, regulations, and policies; and

“(E) promote compatibility of trade agreements with international environmental agreements to protect shared global resources.

“(18) WOOD AND WOOD PRODUCTS.—The principal negotiating objectives of the United States regarding trade in wood and wood products are to—

“(A) promote sustainable forestry practices; and

“(B) increase market access for value-added wood products and wood products that are produced from timber that is sustainably harvested.”

## SEC. 2. CITIZEN PARTICIPATION.

Section 135 of the Trade Act of 1974 (19 U.S.C. 2155) is amended as follows:

(1) ADVISORY COMMITTEE FOR TRADE POLICY AND NEGOTIATIONS.—Subsection (b)(1) is amended by inserting “nongovernmental environmental and conservation organizations,” after “governments.”

(2) GENERAL POLICY, SECTORAL, OR FUNCTIONAL COMMITTEES.—Subsection (c) is amended—

(A) in paragraph (1)—

(i) by inserting “environment and conservation,” after “general policy advisory committees for”;

(ii) by inserting “environment and conservation,” after “representative of all”;

(iii) by striking “and the Secretaries” and all that follows through “or other executive” and inserting “, the Secretaries of the Interior, Commerce, Defense, Labor, Agriculture, and the Treasury, and the Administrators of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, or the heads of other executive”;

(iv) by inserting “and Administrators” after “such Secretaries”;

(B) in paragraph (2)—

(i) by inserting “environment and conservation,” after “representative of all”;

(ii) by striking “and the Secretaries” and all that follows through “or other executive” and inserting “, the Secretaries of the Interior, Commerce, Labor, Agriculture, and the Treasury, and the Administrators of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, or the heads of other executive”;

(iii) in subparagraph (B)—

(I) by redesignating clauses (iii) through (v) as clauses (iv) through (vi), respectively; and

(II) by inserting after clause (ii) the following:

“(iii) environmental impacts of liberalized trade and investment.”

(3) ADVICE AND INFORMATION.—Subsection (d) is amended by striking “and the Secretaries” and all that follows through “or other executive” and inserting “, the Secretaries of the Interior, Agriculture, Com-

merce, Labor, and Defense, and the Administrators of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, or the heads of other executive”.

(4) MEETINGS AT CLOSE OF NEGOTIATIONS.—Subsection (e) is amended by adding at the end the following:

“(4) The report of the appropriate sectoral or functional committee or committees under paragraph (1) shall include an advisory opinion as to the significant environmental effects of trade conducted within the sector or within the functional area.”

(5) TRADE SECRETS AND CONFIDENTIAL INFORMATION.—Subsection (g)(3) is amended by striking “and the Secretaries” and all that follows through “or other executive” and inserting “, the Secretaries of the Interior, Commerce, Labor, Defense, and Agriculture, and the Administrators of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, or the heads of other executive”.

(6) ADVISORY COMMITTEE SUPPORT.—Subsection (h) is amended by striking “and the Secretaries” and all that follows through “or other executive” and inserting “, the Secretaries of the Interior, Commerce, Labor, Defense, Agriculture, and the Treasury, and the Administrators of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, or the heads of other executive”.

(7) CONSULTATION WITH ADVISORY COMMITTEES.—Subsection (i) is amended—

(A) by inserting “the Interior,” after “Secretaries of”;

(B) by striking “the Treasury, or other executive” and inserting “and the Treasury and the Administrator of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, or the heads of other executive”.

(8) PRIVATE ORGANIZATIONS OR GROUPS.—Subsection (j) is amended by inserting “environment and conservation,” after “government”.

## SEC. 3. ADDITIONAL NEGOTIATING OBJECTIVES.

Section 1101 of the Omnibus Trade and Competitiveness Act of 1988 is amended by adding at the end the following:

“(c) SPECIFIC OBJECTIVES FOR PARTICULAR FORUMS.—

“(1) WTO.—The principal negotiating objectives of the United States regarding environment and conservation in the World Trade Organization and the Committee on Trade and Environment of the World Trade Organization are—

“(A) to develop guidelines for the use of national trade and investment measures designed to protect the environment, including those related to the product life cycle;

“(B) to increase transparency, openness, and public participation in dispute settlement procedures;

“(C) to improve the rules and agreements of the World Trade Organization regarding measures to protect domestic environmental standards and conservation measures;

“(D) to promote greater compatibility of the rules and agreements of the World Trade Organization with international environmental agreements that rely upon trade sanctions for enforcement;

“(E) to consider incentives, including improved market access, that might promote resolution of environmental issues relating to international trade;

“(F) to consider intellectual property rules that may promote greater protection of biodiversity;

“(G) to develop guidelines with respect to trade in domestically prohibited or severely restricted goods;

“(H) to achieve progress toward eliminating agricultural subsidies that distort trade and harm the environment; and

“(I) to create an open process to consider continually new trade-related initiatives to promote sustainable development, internalize environmental costs, and enhance environmental protection and the effectiveness of conservation measures.

“(2) BILATERAL TRADE OR NAFTA ACCESSION.—The principal negotiating objectives of the United States with respect to bilateral trade accession to the North American Free Trade Agreement shall include—

“(A) to establish, where relevant for the country seeking accession, minimum environmental safeguards that are not less than those contained in the North American Free Trade Agreement and the North American Agreement on Environmental Cooperation; and

“(B) to implement such additional measures as may be needed to address country-specific trade and environment issues.

“(3) ASIA-PACIFIC ECONOMIC COOPERATION FORUM.—The principal negotiating objectives of the United States in the Asia-Pacific Economic Cooperation forum (APEC) shall include—

“(A) to develop a program relating to environment and conservation measures of relevance to member countries of APEC; and

“(B) to establish a permanent institutional mechanism or secretariat and a timetable for implementing the program developed under subparagraph (A).”

By Mr. INOUE (for himself, Mr. AKAKA, Mr. BAUCUS, Mr. BINGAMAN, Mr. BOREN, Mrs. BOXER, Mr. BRADLEY, Mr. BRYAN, Mr. BURNS, Mr. CAMPBELL, Mr. CHAFEE, Mr. COCHRAN, Mr. COHEN, Mr. CONRAD, Mr. CRAIG, Mr. DASCHLE, Mr. DECONCINI, Mr. DODD, Mr. DOMENICI, Mr. DORGAN, Mr. DURENBERGER, Mr. EXON, Mr. GORTON, Mr. GRAHAM, Mr. HATCH, Mr. HEFLIN, Mr. HOLLINGS, Mrs. KASSEBAUM, Mr. KEMPTHORNE, Mr. KENNEDY, Mr. LAUTENBERG, Mr. LEVIN, Mr. MATHEWS, Mr. MCCAIN, Mr. MITCHELL, Mr. MURKOWSKI, Mrs. MURRAY, Mr. NICKLES, Mr. PELL, Mr. REID, Mr. ROTH, Mr. SIMON, Mr. SPECTER, Mr. STEVENS, and Mr. WELLSTONE):

S.J. Res. 210. A joint resolution to designate the month of November 1994 as “National Native American Heritage Month”; to the Committee on the Judiciary.

NATIONAL NATIVE AMERICAN HERITAGE MONTH

• Mr. INOUE. Mr. President, on behalf of myself and 44 colleagues, we are pleased to present to the Senate a Senate joint resolution that will designate the month of November 1994 as “National Native American Heritage Month.”

With the passage of this resolution every 2 years, native Americans have shared their cultural heritage with the non-Indians. Activities that have enhanced public awareness of our native

Americans have been especially beneficial to teachers from elementary schools to universities. Activities such as bringing in native American speakers, artists, dancers, crafts people and native American elders to share their cultural heritage with the non-Indians.

Agencies within the Federal Government, various organizations, and interested corporations set up funding on a yearly basis to plan their activities. These events are geared to educating the public about native Americans.

Native Americans themselves are especially encouraged during this time to share their stories and their art with the world.

Therefore, I ask you to join me in this special gesture in recognizing the original peoples of this land, the true native Americans. They deserve a special month to honor their significant contributions to our country as much as other Americans have been recognized with a commemorative month every year.●

#### ADDITIONAL COSPONSORS

S. 359

At the request of Mr. DECONCINI, the names of the Senator from New Jersey [Mr. BRADLEY], the Senator from Iowa [Mr. GRASSLEY], the Senator from Delaware [Mr. BIDEN], and the Senator from Illinois [Ms. MOSELEY-BRAUN] were added as cosponsors of S. 359, a bill to require the Secretary of Treasury to mint coins in commemoration of the National Law Enforcement Officers Memorial, and for other purposes.

S. 1415

At the request of Mr. PRYOR, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as cosponsor of S. 1415, a bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes.

S. 2091

At the request of Mr. SARBANES, the names of the Senator from Rhode Island [Mr. PELL] and the Senator from Maryland [Ms. MIKULSKI] were added as cosponsors of S. 2091, a bill to amend certain provisions of title 5, United States Code, in order to ensure equality between Federal firefighters and other employees in the civil service and other public sector firefighters, and for other purposes.

S. 2274

At the request of Mr. SARBANES, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of S. 2274, a bill to provide for the application of a 6-year statute of limitations to certain claims filed by Federal em-

ployees under the Fair Labor Standards Act of 1938 [29 U.S.C. 201 et seq.].

SENATE JOINT RESOLUTION 165

At the request of Mr. COCHRAN, the name of the Senator from Florida [Mr. GRAHAM] was added as a cosponsor of Senate Joint Resolution 165, a joint resolution to designate the month of September 1994 as "National Sewing Month."

SENATE JOINT RESOLUTION 192

At the request of Mr. KOHL, the names of the Senator from Utah [Mr. HATCH], the Senator from Idaho [Mr. CRAIG], the Senator from Alaska [Mr. STEVENS], the Senator from California [Mrs. BOXER], the Senator from New Jersey [Mr. BRADLEY], the Senator from Rhode Island [Mr. PELL], the Senator from Nevada [Mr. REID], and the Senator from West Virginia [Mr. ROCKEFELLER] were added as cosponsors of Senate Joint Resolution 192, a joint resolution to designate October 1994 as "Crime Prevention Month."

SENATE RESOLUTION 170

At the request of Mr. CHAFEE, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of Senate Resolution 170, a resolution to express the sense of the Senate that obstetrician-gynecologists should be included as primary care providers for women in Federal laws relating to the provision of health care.

#### AMENDMENTS SUBMITTED

AGRICULTURAL, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES APPROPRIATIONS ACT OF 1995

#### DASCHLE (AND KERREY) AMENDMENT NO. 2302

Mr. DASCHLE (for himself and Mr. KERREY) proposed an amendment to the bill (H.R. 4554) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1995, and for other purposes; as follows:

On page 52, line 23, after "\$47,500,000," insert the following: "of which \$1,000,000 shall be available to carry out the Northern Great Plains Rural Development Act (if enacted); and".

#### HEFLIN AMENDMENT NO. 2303

Mr. HEFLIN proposed an amendment to the bill, H.R. 4554, supra; as follows:

On page 88, after line 12 insert:  
SEC. 742. In addition to funds made available elsewhere in this Act, there are hereby appropriated as of the date of enactment of this Act the following, to remain available through September 30, 1995:

Emergency Community Water Assistance Grants, \$10,000,000;

Very Low-Income Housing Repair Grants, \$15,000,000;

Agricultural Credit Insurance Fund Program Account;

For the cost of direct loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: emergency loans, \$7,670,000.

Provided, That these amounts are designated by Congress as an emergency requirements pursuant to section 251 (b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and that such amounts shall be available only to the extent the President designates such use an emergency requirements pursuant to such Act.

Of the amount appropriated in the Emergency Supplemental Appropriations Act of 1994, Public Law 103-211, for Watershed and Flood Prevention Operations, \$23 million is transferred to the Emergency Conservation Program.

#### LEAHY AMENDMENT NO. 2304

Mr. BUMPERS (for Mr. LEAHY) proposed amendment to the bill H.R. 4554, supra; as follows:

On the appropriate page insert at the end of Sec. 716 the following: "unless additional acres in excess of the 100,000 acre limitation can be enrolled without exceeding \$93,200,000, provided that the unused portion of the fiscal year 1994 appropriation shall be used in addition to the \$93,200,000."

#### NOTICE OF HEARING

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

SUBCOMMITTEE ON AGRICULTURAL RESEARCH CONSERVATION, FORESTRY AND GENERAL LEGISLATION

Mr. LEAHY. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry Subcommittee on Agricultural Research Conservation, Forestry, and General Legislation will hold a hearing on reauthorization of the Federal Insecticide, Fungicide and Rodenticide Act (S. 985, S. 1478, S. 2050). The hearing will be held on Thursday, July 28, 1994, at 2:30 p.m. in SR-332. Senator TOM DASCHLE will preside.

For further information, please contact Eric Washburn at 224-2321.

#### ADDITIONAL STATEMENTS

##### HAITI

● Mr. FAIRCLOTH. Mr. President, President Clinton has again failed to establish a clear and decisive strategy in the realm of foreign policy. It is now evident that the administration is leaning toward a military takeover of Haiti. I strongly advise the President to consider the likely repercussions of such a move. With the casualties suffered in Somalia, it is remarkable that the administration could even consider deploying troops into the tumultuous environment plaguing Haiti. Last week, 2,000 marines were deployed from North Carolina to the Caribbean Sea. Mr. President, let there be no mincing

of my words, if one of these soldiers returns in a body bag, the occupation will rightly be considered a disaster by the American public.

Mr. President, I am inserting an article by Mr. David Colburn who is serving in my Washington office as a special assistant this summer on foreign policy matters. Mr. Colburn is a history professor and assistant dean of the College of Arts and Sciences at the University of Florida with expertise on international politics. The following editorial takes an insightful look at the external factors that are shaping Mr. Clinton's foreign policy. Unfortunately, it appears that the administration has again chosen politics over sound policy, at the expense of our soldiers and the Haitian people.

The article follows:

INVADING HAITI: LOOK WHO MAY BE CALLING THE SHOTS

(By David R. Colburn)

Has President Clinton decided to turn over the nation's foreign policy in Haiti to the Congressional Black Caucus in a move that is calculated to lead to direct military intervention? The answer seems to be yes.

The *Wall Street Journal* reported that Clinton appointed William Gray as U.S. special adviser on Haiti in order to quiet the steady stream of criticism by members of the Congressional Black Caucus. Gray, a former congressman and a leader of the caucus, met with its members shortly after he was named Clinton's special adviser. Other reports also reveal that Gray has communicated with former caucus colleagues since taking office, while at the same time ignoring the advice and input of State Department members who have extensive expertise on Haiti.

This is not the first time the president has taken such a capricious approach to foreign policy, and it is likely to be just as devastating as his efforts in Eastern Europe. In devising American policy in Bosnia, Clinton and Secretary of State Warren Christopher also failed to consult their own in-house experts, including Warren Zimmerman, a 30-year veteran of the State Department who was the last ambassador to Yugoslavia and who was widely regarded as one of the department's best-informed East European experts. The result in Bosnia has been an administration policy that gets redefined weekly and that has been wholly unsuccessful in easing the crisis.

The administration has gone about handling events in Haiti in much the same manner, although, unlike Bosnia, the president's "new" approach seems certain to result in U.S. military action.

Relishing its newfound influence, the Congressional Black Caucus has also insisted that exiled President Jean-Bertrand Aristide be fully restored to power. Despite Aristide's often-peculiar behavior, he has the unqualified support of the caucus and, by implication, the Clinton administration. When Gray implied criticism of Aristide last week, Rep. Kweisi Mfume, D-Md., head of the Black Caucus, quickly came to Aristide's defense, and Gray said no more.

What is really surprising is that the administration would rely on a group such as the Black Caucus, which has such a strong emotional commitment to Haiti, to determine its foreign-policy objectives there.

The ties of black Americans to Haiti are not just the result of developments during

the past year, but reflect historical connections as well. Haiti was the first nation in the Western Hemisphere in which blacks threw off the yoke of slavery. It thus holds special meaning for most black Americans. Moreover, the daily killing, rape and arrest of innocent Haitians during the past year and U.S. refusal to make an exception to its immigration laws for Haitians fleeing the country, as it has for those who fled the former Soviet Union, deeply angers blacks. Most are convinced that a white population would never be accorded the same treatment.

What were Clinton and his aides thinking when they opted to case the fate of Haiti with the Congressional Black Caucus?

Certainly, the most outspoken critics of the Clinton policy in Haiti came from these black congressmen within his own party. More important, these members also represent the voting block that most strongly supported Clinton in the presidential election. It thus appears that political concerns drove the Clinton policy shift.

There could not be a worse way to pursue American's foreign-policy objectives. Black Americans, understandably, cannot view events in Haiti unemotionally, and the president surely knows this. To place American policy efforts in Haiti in the hands of the Congressional Black Caucus is to escalate the demands for intervention: it is unavoidable.

If this becomes the precedent for U.S. military action, what is to stop the United States from using troops to oust Fidel Castro or to allow other American ethnic groups to shape our policies abroad?

The last time we entered Haiti, it took 19 years before we withdrew American Marines. Event in that country today are no more harsh or corrupt than they were in 1915, and political stability is no more likely.

The Economist, a British magazine, has described Clinton's foreign-policy initiative as "simply embarrassing." The decision to rely on the Congressional Black Caucus to help define U.S. policies in Haiti warrants the same assessment. Are members of the caucus and other Americans prepared for an extended U.S. military stay in Haiti, and are they prepared for the death of American soldiers—both black and white? I doubt that they have even thought about it. ●

#### CONCERN OVER THE F-22

● Mr. D'AMATO. Mr. President, having had the opportunity to thoroughly review the F-22 test and evaluation master plan [TEMP], I was very disturbed by the apparent lack of electronic combat effectiveness testing prior to flight testing. My concern only grew as answers from the Air Force to followup questions made it clear that the service is very comfortable with the notion of dodging effectiveness testing until the F-22 is already in production.

Unfortunately, developmental testing has increasingly come to be seen as a potential source of embarrassment by program managers. Rather than viewing developmental testing as a learning tool, an iterative process of testing, analyzing, and fixing preparatory to the commitment to production, program managers treat developmental testing as a "pass/fail" gauntlet that has the potential to blacken programs in the eyes of service, DOD, and congressional overseers.

The foolishness of avoiding developmental testing was made all too obvious by the B-1B and the ALQ-161. Facing budgetary and schedule pressures, the B-1B program office ducked developmental testing. The result: disaster. The ALQ-161 failed operational testing miserably. In fact, because the fundamental design of the system was itself flawed, any fix involved a major compromise of capability. In the end, millions of dollars and almost a decade later, we still do not have a cost-effective solution to the many problems experienced by the ALQ-161.

It appears to me that the F-22, a vastly more complicated system boasting sensor fusion and integrated avionics, is headed for exactly the same outcome. The F-22 program office is skipping developmental testing and waiting until operational testing, when the F-22 already will be in production, to discover whether its multibillion-dollar avionics package actually works—not turns on, but actually increases the likelihood that the F-22 can dominate the skies over enemy territory and survive.

Fortunately, I am not alone in my concerns. I ask that a letter to Air Force Secretary Widnall signed by myself and my esteemed colleagues, Senators DECONCINI and MACK, be inserted in the RECORD at the end of my remarks.

The letter follows:

U.S. SENATE,

Washington, DC, July 13, 1994.

HON. SHEILA WIDNALL,  
Secretary of the Air Force, the Pentagon, Washington, DC.

DEAR SECRETARY WIDNALL: We are writing to express our deep concern over the fact that the F-22 Test & Evaluation Master Plan (TEMP) by-passes the Real-time Electromagnetic Digitally Controlled Analyzer & Processor (REDCAP) and Air Force Electronic Warfare Evaluation Simulator (AFEWES) facilities. As a result, no electronic combat (EC) effectiveness testing confirming whether the F-22's combination of stealth, speed, and integrated avionics actually exploit and/or degrade air defenses, improve mission effectiveness, or increase survivability will be conducted until Operational Test & Evaluation (OT&E). As the ALQ-161 vividly demonstrates to this day, OT&E is too late to implement cost-effective fixes.

The Air Force justification for avoiding REDCAP and AFEWES is two-fold: (1) "[t]he integrated avionics concept of the F-22 hinges on sensor fusion . . . requir[ing] the successful correlation of multiple signals from a single source . . . [t]his capability does not exist in current Hardware in the Loop (HITL) facilities . . .", and (2) "The F-22 does not employ countermeasures against the EW/GCI/C3 threats simulated at REDCAP and the majority of threats simulated at AFEWES are not considered primary threats to the F-22."

Neither position is credible. REDCAP and AFEWES, together or apart, do have the capability to test the F-22's integrated avionics. Briefings to that effect have been ignored. If the F-22 cannot demonstrate offensive air superiority mission success in the

modern IADS/EW/GCI/C3 environment simulated at REDCAP, then it will be no less dependent than the F-15C on intelligence, AWACS support, and active and passive suppression of enemy air defenses. As for "primary" threats, AFEWES airborne interceptor simulations will include the Fulcrum, Flanker, and Foxhound by the end of FY95. Clearly, a thorough test plan for F-22 avionics would include REDCAP and AFEWES.

Challenged on the lack of EC effectiveness testing, the Air Force countered that "[o]pen air subsystem testing on the . . . flying test bed provides many of the same benefits as HITL testing . . . provides a more realistic environmental than HITL testing . . . [and] . . . provides an early assessment of system effectiveness prior to [EMD] aircraft flight testing". This is contradictory. Subsystem testing lacks the sensor fusion deemed critical to proper avionics testing. The supposed inability of HITL facilities to test the fully integrated avionics suite eliminated REDCAP and AFEWES from the F-22 test plan. Furthermore, open air testing cannot possibly duplicate the threat densities required, nor is it controllable or repeatable.

We believe that both an Air Force and Congressional review of the avionics portion of the F-22 TEMP is in order. The F-22 System Program Office considers the F-22's avionics too complicated to be properly tested prior to OT&E, but it is that very complexity that demands exhaustive effectiveness testing prior to production. We look forward to hearing from you on this matter prior to making up of the Senate Defense Appropriations bill.

Sincerely,

CONNIE MACK.

DENNIS DECONCINI.  
ALFONSE D'AMATO.●

UNANIMOUS-CONSENT  
AGREEMENT—H.R. 4226

Mr. BUMPERS. Madam President, I ask unanimous consent that in the engrossment of H.R. 4226, the foreign operations appropriations bill, that the amendments agreed to the first accepted committee amendment be placed in the appropriate place in the bill.

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

ORDERS FOR TOMORROW

Mr. BUMPERS. Madam President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:30 a.m., Tuesday, July 19; that following the morning prayer, the Journal of proceedings be deemed approved to date and the time for the two leaders reserved for their use later in the day; that there then be a period for morning business not to extend beyond 10 a.m., with Senators permitted to speak therein for up to 5 minutes each, with Senators HEFLIN and DORGAN recognized to speak for up

to 10 minutes each; that on Tuesday, the Senate stand in recess from 12:30 p.m. to 2:15 p.m. in order to accommodate the respective party conferences.

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

RECESS UNTIL 9:30 A.M.  
TOMORROW

Mr. BUMPERS. Madam President, if there is no further business to come before the Senate today, and I see no other Senator seeking recognition, I ask unanimous consent that the Senate stand in recess, as previously ordered.

There being no objection, the Senate, at 5:23 p.m., recessed until Tuesday, July 19, 1994, at 9:30 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 18, 1994:

THE JUDICIARY

GUIDO CALABRESI, OF CONNECTICUT, TO BE UNITED STATES CIRCUIT JUDGE FOR THE SECOND CIRCUIT.

DEPARTMENT OF JUSTICE

DANIEL C. DOTSON, OF UTAH, TO BE UNITED STATES MARSHAL FOR THE DISTRICT OF UTAH FOR THE TERM OF FOUR YEARS.